

# ELECTED OFFICIALS' RETIREMENT PLAN

OF THE  
STATE OF ARIZONA

EIGHTEENTH COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

—

A PENSION TRUST FUND  
OF THE STATE OF ARIZONA

—

FOR THE FISCAL YEAR ENDED  
JUNE 30, 1999

# **ELECTED OFFICIALS' RETIREMENT PLAN**

A PENSION TRUST FUND OF THE STATE OF ARIZONA

EIGHTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 1999

This report was prepared by the staff of the EORP

1020 East Missouri Avenue

Phoenix, Arizona 85014

(602) 255-5575

Fax (602) 255-5572

[www.psprs.com](http://www.psprs.com)

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
EIGHTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CONTENTS**

**INTRODUCTORY SECTION**

Fund Managers' Report .....	3
Letter of Transmittal .....	4
Certificate of Achievement for Excellence in Financial Reporting .....	7
The Retirement Board and Administrative Organization .....	8
Organizational Chart .....	9
Summary of Plan Provisions (See Note 1 in Notes to Financial Statements) .....	16

**FINANCIAL SECTION**

Independent Auditor's Report .....	13
<u>Basic Financial Statements</u>	
Statements of Plan Net Assets.....	14
Statements of Changes in Plan Net Assets.....	15
Notes to Financial Statements.....	16
(These Notes are an Integral Part of the Financial Statements)	
<u>Required Supplementary Information</u>	
Schedule of Funding Progress .....	21
Schedule of Employer Contributions.....	22
Supporting Schedule of Changes in Fund Balance Reserves .....	23
Supporting Schedule of Administrative and Investment Expenses .....	24
Supporting Schedule of Payments to Consultants .....	24
Supplemental Schedule of Cash Receipts and Cash Disbursements .....	25

**INVESTMENT SECTION**

Fund Objectives .....	29
Investment Performance Data .....	30
Supporting Schedule of Commissions Paid to Brokers .....	34
Summary of Changes in Investment Portfolio .....	35
Detailed List of Investments Acquired .....	36
Detailed List of Sales and Redemption of Investments .....	44
Detailed List of Investments Owned .....	48

## **ACTUARIAL SECTION**

Actuarial Certification Statement .....	59
Actuarial Balance Sheet – All Employers .....	60
Summary of Valuation Methods and Assumptions .....	61
Solvency Test .....	65
Summary of Active Member Data .....	66
Summary of Inactive Member Data .....	67
Schedule of Retirants and Beneficiaries.....	67
Schedule of Experience Gain / (Loss).....	68

## **STATISTICAL SECTION**

Schedule of Revenues by Source and Expenses by Type.....	71
Schedule of Benefit Expenses by Type .....	72
Summary of Retired Member and Survivor Data .....	73
Summary of Benefit Increases .....	74
Participating Employers .....	76
Summary of Growth of the System .....	77



# **INTRODUCTORY SECTION**

**ELECTED OFFICIALS' RETIREMENT PLAN  
EIGHTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1999**

Fund Managers' Report

Letter of Transmittal

Certificate of Achievement for  
Excellence in Financial Reporting

The Retirement Board and  
Administrative Organization

Organizational Chart

Summary of Plan Provisions  
(See Note 1 in Notes to Financial Statements)



**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
CORRECTIONS OFFICER RETIREMENT PLAN  
ELECTED OFFICIALS' RETIREMENT PLAN**

1020 East Missouri Avenue  
Phoenix, Arizona 85014-2613

Jack M. Cross, C.P.A., C.F.A.  
Administrator

TELEPHONE: (602) 255-5575  
FAX: (602) 255-5572

Michael H. Ong, J.D.  
Assistant Administrator

The Honorable Jane Dee Hull  
Governor of the State of Arizona  
State Capitol  
Phoenix, Arizona 85007

September 30, 1999

Dear Governor Hull:

The Fund Manager of the Public Safety Personnel Retirement System respectfully submits the Eighteenth Annual Report of the Elected Officials' Retirement Plan for the fiscal year ending June 30, 1999.

We are pleased to report that the Plan is in excellent financial and actuarial condition. In fact, the Plan continues to be more than 124% funded. Listed below are some of the record-breaking highlights for the fiscal year ending June 30, 1999.

Total Plan assets increased from \$311,329,191 to \$359,492,061—an increase of 15.5%. The Fair value of the total Plan assets was over 39% above cost. Benefits paid to retired Elected Officials and their beneficiaries increased from \$10,963,879 to \$11,991,654. Net investment income totaled \$53,424,808, which was the second best year on record. These earnings provided 89% of the total cost of the Plan.

The total rate of return, which includes realized as well as unrealized gains and losses, for the entire fund was 17.52%. The individual rates of return for the stock portfolio and bond portfolio were 23.04% and 2.55%, respectively. The Plan continues to outperform the market indexes on a short-term and long-term basis. The net effective yield, which takes into account only realized gains and losses, was 26.15%—by far the best on record.

Total administrative and investment expenses increased from \$79,523 to \$82,429. Costs have increased 50% during the past fourteen years. This increase is well below the rate of inflation (55% during this period) even though assets managed have increased 563% and the Plan membership has increased over 71%.

We sincerely appreciate the opportunity of serving the State of Arizona, its political subdivisions, and its elected officials and judges.

Respectfully submitted,

---

Donald L. De Ment, Chairman

---

Carmen Torrie, Member

---

Patrick Cantelme, Member

---

Carol Springer, Member

---

Robert Blendu, Member



**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
CORRECTIONS OFFICER RETIREMENT PLAN  
ELECTED OFFICIALS' RETIREMENT PLAN**

1020 East Missouri Avenue  
Phoenix, Arizona 85014-2613

Jack M. Cross, C.P.A., C.F.A.  
Administrator

TELEPHONE: (602) 255-5575  
FAX: (602) 255-5572  
www.psprs.com

Michael H. Ong, J.D.  
Assistant Administrator

September 30, 1999

The Fund Manager  
Public Safety Personnel Retirement System  
State of Arizona  
Phoenix, Arizona

Gentlemen:

There is presented herewith the Eighteenth Annual Report of the operations and financial conditions of the Elected Officials' Retirement Plan for the fiscal year ended June 30, 1999. Incorporated in this report are the audited financial statements and other financial data from the June 30, 1999, report of Barrows & Schatza, P.L.C., Certified Public Accountants and auditors for the Plan. Also included is the Actuarial Certification Statement and the Actuarial Balance Sheet from the June 30, 1999, Actuarial Valuation made by the System's Actuary, Gabriel, Roeder, Smith & Company, Consulting Actuaries.

This report has been organized into five sections: the Introductory Section contains general information regarding the operations of the Elected Officials' Retirement Plan; the Financial Section contains the financial reports and schedules of the funds administered by the Elected Officials' Retirement Plan; the Investment Section contains detailed lists of the investment transactions and portfolios of the Plan, along with investment performance; the Actuarial Section contains actuarial information regarding the funding of the pension trusts, and the Statistical Section contains statistical data pertaining to the benefits paid by the Elected Officials' Retirement Plan and growth of the Plan.

### **FINANCIAL INFORMATION**

The primary responsibility for the integrity and objectivity of the financial statements and related financial data rests with the management of the Plan. The financial statements were prepared in conformity with generally-accepted accounting principles appropriate for government-sponsored defined benefit pension plans. Management believes that all other financial information included in this annual report is consistent with those financial statements.

It is the Plan's policy to maintain a control-conscious environment through an effective system of accounting controls. These controls are adequate to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and to produce the records necessary for the preparation of financial information. There are limits inherent in all systems of internal control based on the recognition that the costs of such plans should be related to the benefits to be derived. Management believes the Plan's controls provide this appropriate balance.

The Plan uses the accrual basis of accounting for both revenues and expenses. Contributions to the Plan are based on principles of level-cost financing with current service financed as a level percent of payroll on a current basis and prior service amortized as a level percent of payroll over a rolling twenty (20) year period.

### **REVENUES**

Revenues to the Plan are derived from three sources; member contributions, employer contributions and investment income. As shown by the Statement of Revenues by Source included with the financial statements later in this report, the investment earnings during the 1998/1999 fiscal year provided 89% of the total funding

of the Plan. Member contributions made up 5% of total revenue and employer contributions made up 6% of the total revenues. Please refer to the Statistical Section for a ten-year history of revenues and expenses.

### **ADMINISTRATIVE AND INVESTMENT EXPENSES**

The 1998/1999 Administrative and Investment Expenses of the Administrative Office increased slightly to \$82,429 compared to \$79,523 for the prior year. This is only 50% higher than the total for fiscal year 1984/1985. This is a compounded annual rate of increase of 2.92% over the last fourteen years. This rate of increase is well below both the rate of inflation and the rate of growth of the Plan. A dedicated staff and constantly improving internal expertise has allowed management to keep costs extremely low for the past fourteen years even though inflation, membership and assets managed have increased substantially during this same period (over 55%, over 71% and nearly 563%, respectively).

### **INVESTMENTS**

Since the Plan is well funded, the management takes a moderately conservative approach to investing. The Plan invests primarily in bonds rated A or better and blue chip common stock. A detailed summary of the investment portfolio and all investment transactions is presented in the Investment Section. At year-end, the investment portfolio was made up of 11.0% U. S. Government Securities, 11.5% Corporate Bonds, 0.6% Corporate Notes, 1.4% Other Investments, .2% insured Money Market Funds and 75.3% Common Stocks. All investments are held in trust by the Arizona subsidiary of one of the largest banks in the world.

Even with this relatively conservative investment philosophy, the fixed income portfolio has outperformed the Lehman Government Corporate Bond Index in seven of the last ten years and the equity portfolio has outperformed the applicable Index (NYSE until 98/99, then S & P 500) eight of the last ten years. This extraordinary performance resulted in a net effective yield of 26.15% and a total rate of return of 17.52% for the 1998/1999 fiscal year. Graphs depicting the funds' extraordinary performance since 1987, the year the current Administrator took over the portfolio management, can be found in the Investment Section.

### **ECONOMIC OUTLOOK**

The economy seems to be leveling off. It is likely the economy will continue its moderate growth. With interest rates so low, it may be difficult to continue to outperform the System's 9% assumed rate of investment return over the next couple of years.

### **ACTUARIAL AND FUNDING INFORMATION**

Funding a retirement plan on a sound actuarial reserve basis involves the accumulation of substantial reserves to guarantee the payment of promised benefits. These reserves are invested and the rate of investment earnings, over time, is a major factor in determining the employer contribution requirement to meet the calculated level cost of the Plan.

There is no single all-encompassing test to measure a retirement plan's funding progress and current status. A traditional measure is the ratio of assets to unfunded accumulated normal costs, often referred to as the "percent funded." The percent funded for the Plan at June 30, 1999, is 124.8%, which is well ahead of schedule.

The Plan is funded through a member contribution of 7% of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll and a distribution of the net earnings of the Plan. State and county employers receive credit for a portion of certain fees collected by the Clerks of the Superior Courts, Courts of Appeals, and the Supreme Court. Currently, these fees are enough to provide all of the state and county employer costs. This is expected to continue through fiscal year 1999/2000 when the city employer rate will be 10.22%.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the EORP for its comprehensive annual financial report for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the Government Finance Officers Association.

### **SUMMARY**

The System's Actuary, Gabriel, Roeder, Smith & Company, summarized the results of the latest Actuarial Valuation as of June 30, 1999, as follows:

The results of the valuations indicate that Retirement Plan benefit obligations are being funded as incurred. Current assets are 124.8% of actuarial accrued liabilities. This is an excellent level of accrued funding and well ahead of schedule. Superior investment returns, over an extended period, have made possible the excellent actuarial condition of the Retirement Plan, improved benefits for members retiring in the future, cost-of-living increases to retired members and their beneficiaries.

The Plan has experienced great change during the past fourteen years. The Plan's accrual rate was raised to 4% of pay for each year of credited service. Members can now take normal retirement with twenty years of credited service regardless of age and they can take a reduced early retirement with five or more years of credited service with no age limit. The Plan now provides for disability benefits, survivor benefits for spouses and children, post-retirement increases and health insurance subsidies. Funding has increased to 124.8%. Over just the past fourteen years, investment income has grown dramatically and total assets of the Plan have more than tripled. I am proud to have been a part of the Plan's management team and I look forward to the Plan's continued success in the future.

Respectfully submitted,

Jack M. Cross, C.P.A., C.F.A.  
Administrator

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Elected Officials' Retirement Plan, Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Douglas R. Ellsworth*  
President  
*Jeffrey L. Essler*  
Executive Director

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
THE RETIREMENT BOARD AND ADMINISTRATIVE ORGANIZATION**

**THE FUND MANAGER**

		<u>Term Expires</u>
Donald L. De Ment Retired City Clerk City of Tucson	Member	January 2000
Carmen Torrie Retired Sergeant Department of Public Safety	Member	January 2001
Pat Cantelme Retired Firefighter City of Phoenix	Member	January 2002
Carol Springer State Treasurer State of Arizona	Member	January 2000
Robert Blendu Public Member	Member	January 2002

**PROFESSIONAL ADVISORS**

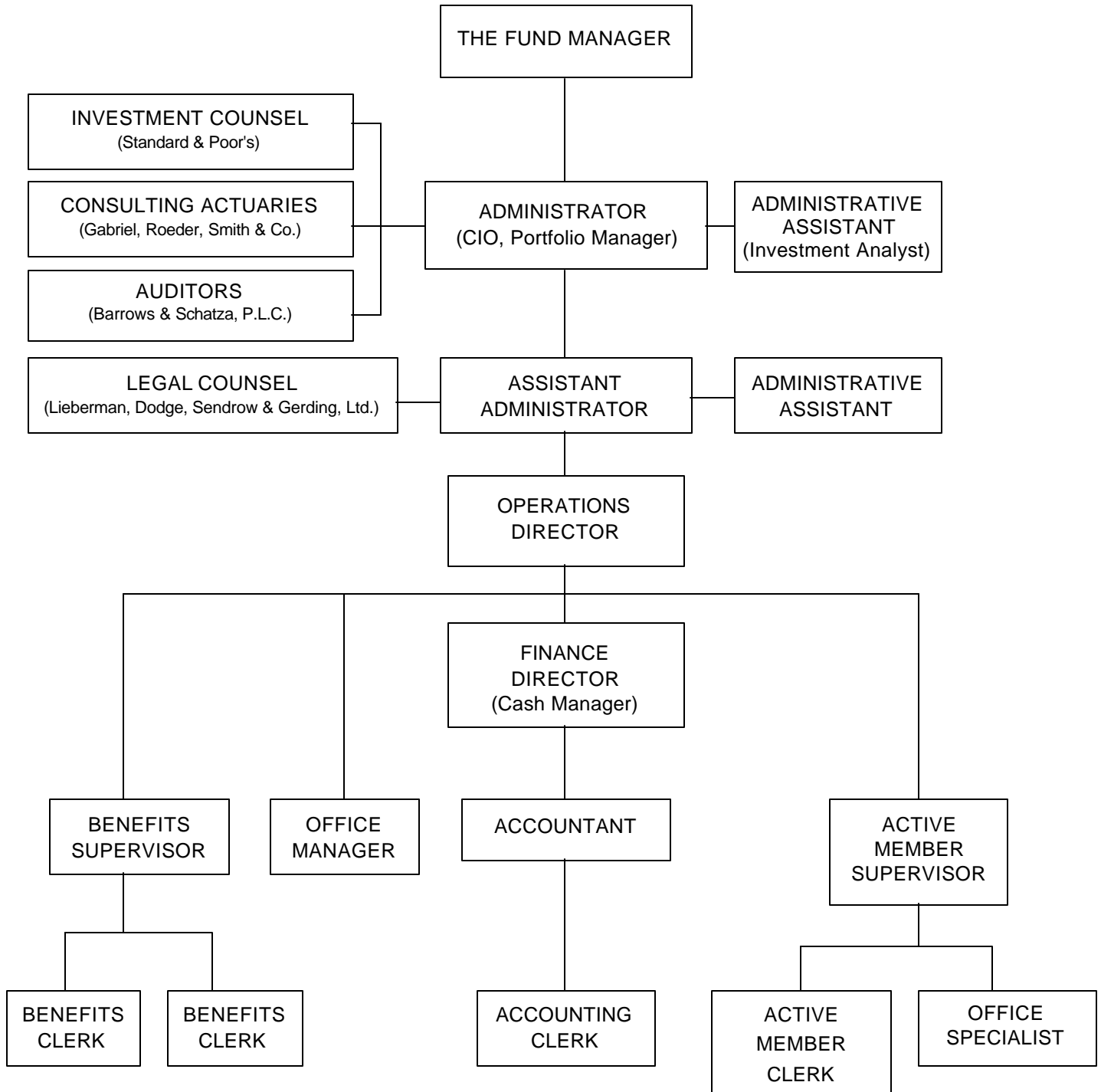
Standard & Poor's	Investment Counsel
Gabriel, Roeder, Smith & Company	Consulting Actuaries
Barrows & Schatza, P.L.C.	Auditors
Lieberman, Dodge, Sendrow & Gerding, Ltd.	Legal Counsel

**ADMINISTRATIVE STAFF**

Jack M. Cross, C.P.A., C.F.A.	Administrator
Michael H. Ong, J.D.	Assistant Administrator
Donald B. Mineer	Operations Director
William F. Mulholland, C.P.A.	Finance Director
Jared A. Smout	Administrative Assistant
Lori A. Boyle	Office Manager
LaDawn M. Snodgrass	Active Member Supervisor
Sheryl D. Saltsman	Benefits Supervisor
Annette L. Jorgensen	Administrative Assistant
Lisa A. Guerrero	Active Member Clerk
Joann L. Lowey	Accountant
Kathleen A. Mattoon	Office Specialist
Deborah S. Irwin	Accounting Clerk
Lilian L. Leung	Benefits Clerk
Eric T. Ellsworth	Benefits Clerk

1020 East Missouri  
Phoenix, Arizona 85014  
Telephone (602) 255-5575  
Fax (602) 255-5572  
www.psprs.com

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
ORGANIZATIONAL CHART  
JUNE 30, 1999**





## **FINANCIAL SECTION**

**ELECTED OFFICIALS' RETIREMENT PLAN**  
**EIGHTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 1999**

Independent Auditor's Report
Statements of Plan Net Assets
Statements of Changes in Plan Net Assets
Notes to Financial Statements
Schedule of Funding Progress
Schedule of Employer Contributions
Supporting Schedule of Changes In Fund Balance Reserves
Supporting Schedule of Administrative and Investment Expenses
Supporting Schedule of Payments to Consultants
Supplemental Schedule of Cash Receipts and Cash Disbursements





---

**INDEPENDENT AUDITOR'S REPORT**

**FUND MANAGER  
STATE OF ARIZONA PUBLIC SAFETY  
PERSONNEL RETIREMENT SYSTEM  
PHOENIX, ARIZONA**

We have audited the accompanying statements of plan net assets of the **STATE OF ARIZONA ELECTED OFFICIALS' RETIREMENT PLAN** as of June 30, 1999 and 1998, and the related statements of changes in plan net assets for the years then ended, appearing on pages 14 and 15, respectively. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the **STATE OF ARIZONA ELECTED OFFICIALS' RETIREMENT PLAN** as of June 30, 1999 and 1998, and the results of its operations and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, contained on pages 21 and 22, schedule of funding progress and schedule of employer contributions, are required disclosures under Governmental Accounting Standards Board (GASB) statement No. 25 and are not a required part of the basic financial statements. Also, the accompanying supplementary information, contained on pages 23 to 25, is, not a required disclosure under Governmental Accounting Standards Board (GASB) statement No. 25 and is not a required part of the basic financial statements. The accompanying additional information described above has been subjected to the auditing procedures applied in our audit of the 1999 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

BARROWS & SCHATZA, P.L.C./sig

September 3, 1999

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
STATEMENTS OF PLAN NET ASSETS  
AS OF JUNE 30, 1999 AND 1998**

	1999		1998	
	Book Cost	See Note 2	Book Cost	See Note 2
<b>ASSETS</b>				
Cash				
Receivables:				
Members' Contributions		\$ 3,297		\$ 95,041
Employers' Contributions		395,315		559,288
Interest and Dividends		2,930,924		2,183,474
<b>Total Receivables</b>		<u>3,329,536</u>		<u>2,837,803</u>
Investments at Fair value (Note 2):				
U.S. Government Securities	\$ 36,064,631	39,201,544	\$ 39,350,348	43,920,152
Corporate Bonds	40,503,571	40,855,899	35,804,253	39,274,698
Corporate Notes	1,997,807	1,997,807	1,997,205	1,997,205
Corporate Stocks	170,411,543	268,364,567	125,929,882	219,970,996
Other Investments	5,164,233	5,164,233	3,115,400	3,115,400
Money Market Account	578,475	578,475	212,937	212,937
<b>Total Investments</b>	<u>\$ 254,720,260</u>	<u>356,162,525</u>	<u>\$ 206,410,025</u>	<u>308,491,388</u>
<b>Total Plan Assets</b>		<u>359,492,061</u>		<u>311,329,191</u>
Collateral Held in Trust for Securities on Loan		76,867,543		47,864,208
Liability- Collateral Subject to Return to Borrower		<u>(76,867,543)</u>		<u>(47,864,208)</u>
<b>Net Assets Held in Trust for Pension Benefits:</b>		<u>\$ 359,492,061</u>		<u>\$ 311,329,191</u>
<b>Net Asset Reserves</b>				
Refundable Members' Reserve		\$ 21,505,771		\$ 20,703,032
Employers' Reserve		297,504,295		260,864,192
Future Benefit Increase Reserve		40,481,995		29,761,967
<b>Total Net Asset Reserves</b>		<u>\$ 359,492,061</u>		<u>\$ 311,329,191</u>

A schedule of funding progress is presented immediately following the financial footnotes.  
The accompanying notes are an integral part of these financial statements.

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
<b>Additions:</b>		
Contributions		
Members' Contributions (Notes 1 and 3)	\$ 2,970,123	\$ 3,294,906
Employers' Contributions (Notes 1 and 3)	3,941,018	3,668,144
Total Contributions	<u>6,911,141</u>	<u>6,963,050</u>
Investment Income:		
Net Appreciation in Fair Value of Investments (Note 2)	43,840,033	44,511,244
Interest	6,701,387	7,123,958
Dividends	2,824,107	2,689,395
Securities Lending Activities		
Securities Lending Income	\$ 3,260,900	\$ 3,543,950
Borrower rebates	(3,135,671)	(3,431,157)
Agents Share of Income	<u>(43,826)</u>	<u>(39,474)</u>
Net Securities Lending Income (Note 2)	<u>81,403</u>	<u>73,319</u>
	53,446,930	54,397,916
Less Investment Expense	<u>(22,122)</u>	<u>(19,556)</u>
Net Investment Income	<u>53,424,808</u>	<u>54,378,360</u>
Amounts Transferred from Other State- Sponsored Pension Plans--Net	47,862	728,694
<b>Total Additions</b>	<u>60,383,811</u>	<u>62,070,104</u>
<b>Deductions:</b>		
Pension and Insurance Benefits (Note 1)	11,991,654	10,963,879
Refunds to Terminated Members (Note 1)	168,980	30,960
Administrative Expenses	60,307	59,967
<b>Total Deductions</b>	<u>12,220,941</u>	<u>11,054,806</u>
<b>Net Increase</b>	48,162,870	51,015,298
<b>Net Assets Held In Trust for Pension Benefits</b>		
<b>Beginning of Year, July 1</b>	<u>311,329,191</u>	<u>260,313,893</u>
<b>Ending of Year, June 30</b>	<u>\$ 359,492,061</u>	<u>\$ 311,329,191</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998**

**NOTE 1 - PLAN DESCRIPTION**

**Organization**

The Elected Officials' Retirement Plan (EORP) is a cost-sharing multiple-employer public employee retirement plan established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes, to provide benefits for elected officials and judges of certain state and local governments. The plan is administered by the Fund Manager of the Public Safety Personnel Retirement System (PSPRS).

The Fund Manager is a five-member board. Three members are appointed by the Governor and two members are appointed by the state legislature. All members serve a fixed three-year term. The Fund Manager is responsible for the investment of the plan's assets, setting employer contribution rates in accordance with an actuarial study, adopting a budget, hiring personnel to administer the plan, setting up records, setting up accounts for each member, paying benefits, and the general protection and administration of the Plan.

The addition or deletion of eligible groups does not require the approval of the other participating employers. New eligible groups are approved for participation by the Fund Manager. The EORP is not reported as a component unit of any other organization.

The Fund Manager of the PSPRS is also responsible for the investment and general administration of two other statewide retirement plans—the Public Safety Personnel Retirement System and the Corrections Officer Retirement Plan. The investments and expenses of these plans are held and accounted for separately from those of the EORP. Since none of the plans have the authority to impose their will on any of the other plans, each plan is reported as its own stand-alone government.

At June 30, 1999 and 1998, the number of participating local government employer groups was:

	<u>1999</u>	<u>1998</u>
Cities	16	15
Counties	15	15
State Agencies	<u>1</u>	<u>1</u>
Total Employers	32	31

All state and county elected officials and judges are members of the Plan except La Paz County elected officials. Any city in the state of Arizona may elect to have its elected officials' covered by the EORP. At June 30, 1999 and 1998, statewide EORP membership consisted of:

	<u>1999</u>	<u>1998</u>
Retirees and beneficiaries currently		
Receiving benefits	547	513
Terminated vested employees	126	109
Current employees		
Vested	403	434
Non-vested	<u>306</u>	<u>279</u>
Total Members	1,382	1,335

EORP provides retirement benefits as well as death and disability benefits. Generally, all benefits vest after five years of credited service. A summary of benefits and Plan provisions follows:

**SUMMARY OF BENEFITS**

**Membership** (A.R.S. Section 38-801 and Section 38-804.A)

All elected officials are members of the plan, except that an elected official who is subject to term limits may elect not to participate in the plan for that specific term of office. An elected official means every elected official of this state, every elected official of each county of this state, every justice of the supreme court, every judge of the court of appeals, every judge of the superior court, every full-time superior court commissioner, the administrator of the fund manager if the administrator is a natural person and each elected official of an incorporated city or town whose employer has executed a proper joinder agreement for coverage of its elected officials.

**Credited Service** (A.R.S. Section 38-801 [3])

Means the number of whole and fractional years of a member's service as an elected official after the elected official's effective date of participation for which member and employer contributions are on deposit with the fund, plus credited service as an elected official transferred to the plan from another retirement system or plan for public employees of this state, plus service as an elected official before the elected official's effective date of participation which is being funded pursuant to a joinder agreement or which was redeemed pursuant to Section 38-816.

**Average Yearly Salary** (A.R.S. Section 38-801 [2])

Means the highest average total base salary over a period of three consecutive years within the last ten completed years of credited service which was paid to the elected official at the time of death or retirement or at the time he ceases to hold office.

**Normal Retirement (No Reduction for Age)**

An elected official may retire upon meeting one of the following age and service requirements: (A.R.S. Section 38-805.A)

1. Age sixty-five years, with five or more years of credited service.
2. Age sixty-two years, with ten or more years of credited service.
3. Twenty or more years of credited service regardless of age.

The amount of a normal retirement pension is four percent (4%) of the member's average yearly salary multiplied by the years of the member's credited service. Maximum is eighty percent (80%) of member's average yearly salary. (A.R.S. Section 38-808.B [1])

**Early Retirement (Reduction for Age)** (A.R.S. Section 38-805.B and Section 38-808.B [1])

An elected official who has five or more years of credited service may retire before meeting the age and or service requirement for normal retirement. The amount of an early retirement pension is computed by determining the amount of accrued normal retirement pension and then reducing the amount determined by three-twelfths of one percent for each month early retirement precedes the member's normal retirement age as noted above. The maximum reduction is 30%.

**Vested Termination (Deferred Retirement)** (A.R.S. Section 38-805.B)

An elected official with five or more years of credited service retains entitlement to deferred pension, upon ceasing to be an elected official, if the official's accumulated contributions are left on deposit in the retirement plan. The amount of pension is determined in the same manner as a normal or early pension, whichever is applicable.

**Disability Retirement** (A.R.S. Section 38-806 and Section 38-808.B [2])

An elected official who becomes incapacitated for the purpose of performing the duties of his office may be retired by the Fund Manager based on a certification by a board of physicians that the member is mentally or physically incapacitated and qualifies for a disability retirement. The amount of pension is eighty percent (80%) of member's average yearly salary if the elected official has ten (10) or more years of credited service or forty percent (40%) of the member's average yearly salary if the elected official has five (5) but less than ten (10) years of credited service or twenty percent (20%) of the member's average yearly salary if the elected official has fewer than five (5) years of credited service.

**Survivor Pensions** (A.R.S. Section 38-807)

Payable to the eligible beneficiary of a retired member or an active or inactive member who dies before retirement. An eligible beneficiary is a surviving spouse who was married to the retired or active or inactive member for at least two years; or, if there is no eligible spouse, then to a minor child(ren). A surviving spouse's pension terminates upon death. A surviving child's pension terminates upon attainment of age 18 years, marriage, adoption or death unless the child is a full-time student under the age of 23 or the child is under a disability which began before the child attained the age of 23. The amount of a surviving spouse's pension is three-fourths of the pension being paid the deceased retired elected official or three-fourths of the pension which the member would have received assuming he had retired under a disability. The amount of a surviving child's pension is an equal share of the amount of a surviving spouse's pension.

**Termination of Membership** (A.R.S. Section 38-804.B)

Upon termination of employment, for any reason other than death or retirement, a member shall, within twenty days after filing an application with the Fund Manager, receive a lump-sum payment, equal to his accumulated contributions, as of the date of termination, less any benefits paid or any amounts owed to the Plan. A member forfeits all membership rights and credited service in the Plan upon receipt of refund of contributions. If the member has 5 or more years of credited service upon termination they shall receive an additional amount according to the schedule below:

5 to 5.9—25% of member contributions deducted from the member's salary pursuant to ARS 38-810.A

6 to 6.9—40% of member contributions deducted from the member's salary pursuant to ARS 38-810.A

7 to 7.9—55% of member contributions deducted from the member's salary pursuant to ARS 38-810.A

8 to 8.9—70% of member contributions deducted from the member's salary pursuant to ARS 38-810.A  
9 to 9.9—85% of member contributions deducted from the member's salary pursuant to ARS 38-810.A  
10 or more—100% of member contributions deducted from the member's salary pursuant to ARS 38-810.A plus interest at 3% after 30 days if left on deposit

**Re-Employment as an Elected Official and Repayment Of Contributions** (A.R.S. Section 38-804.F)

An elected official who terminates membership in the Plan and is later re-employed as an elected official may restore their prior service credits, provided they sign a written election within ninety days after re-employment to reimburse the Plan within one year after the date of their re-employment. The reimbursement will equal the amount previously withdrawn plus interest at the rate of nine percent from the date of withdrawal to the date of repayment.

**Elected Officials' Contributions** (A.R.S. Section 38-810.A)

All covered members are required by statute to contribute 7% of their salary to EORP. Employee contributions are made on a pre-tax basis. If a member leaves covered employment or dies and no benefit is payable, accumulated member contributions are refunded to the member or designated beneficiary. Benefit and contribution provisions are established by state law and may be amended only by the State of Arizona Legislature.

**Employer Contributions** (A.R.S. Section 38-810.C)

For state and county employers, a designated portion of certain fees collected by the Clerks of the Superior Courts, Courts of Appeals and the Supreme Court plus additional contributions as determined by actuarial valuation to ensure proper funding for the Plan. (A.R.S. Section 38-810.B) For incorporated city or town employers, an amount sufficient to meet both the normal cost plus the amount required to amortize the unfunded accrued liability over a rolling twenty (20) year period, said amount to be determined each year by actuarial valuation and paid as a level per cent of compensation.

**Joinder by Incorporated Cities or Towns** (A.R.S. Section 38-815)

Effective August 19, 1987, elected officials of an Arizona incorporated city or town may participate in the Plan if the city or town council enters into a joinder agreement with the Fund Manager on behalf of its elected officials.

**Transfer Between State Retirement Systems** (A.R.S. Section 38-921 and Section 38-922)

Members of any of the four Arizona state retirement systems or plans who have credited service under another Arizona state retirement system or plan may transfer or redeem the credited service to their current Arizona state retirement system or plan by paying or transferring the full actuarial present value of the credited service into their current Arizona retirement system or plan with approval of the Fund Manager or retirement boards involved. A reduced credited service amount may be transferred based on the transfer of the actuarial present value of the credited service under the prior Arizona state system or plan.

**Purchase of Prior Active Military Service** (A.R.S. Section 38-820)

A member may purchase up to four years of prior active military time that is not on account with any other retirement system. The member must pay the actuarial present value of the increase of credited service resulting from this purchase.

**Health Insurance Premium Subsidy** (A.R.S. Section 38-817)

For EORP retirees who have group health and accident insurance coverage provided and administered by the state or another EORP employer and who had 8 or more years of credited service, the EORP will pay up to \$60 per month for part of the premium for the retiree's individual coverage and up to \$85 per month for part of the premium for family health and accident coverage. Those retired members who had between 5 and 8 years of credited service would receive a proportionate share of the full subsidy.

**State Taxation Of Eorp Benefits** (A.R.S. Section 38-811 and Section 43-1022)

Effective tax year commencing January 1, 1989, all EORP retirement benefits in excess of \$2500 annually will be subject to Arizona state tax.

**Cola Benefit Increases** (A.R.S. 38-818)

Effective July 1 of each year, each retired member or survivor of a retired member may be entitled to a permanent benefit increase in their base benefit. The maximum amount of the increase is four percent (4%) of the EORP benefit being received on the preceding June 30 and is contingent upon sufficient excess investment earnings for the fund. To be eligible for the increase the member or survivor must be age 55 on July 1 of the current year and have been receiving benefits on or before July 31 of the previous year. A member or survivor is also eligible if they were receiving benefits on or before July 31 of the two previous years regardless of age.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS**

### **Basis of Accounting**

EORP financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits due are paid in arrears on the last working day of each month. Refunds are due and payable by state law within 20 days of receipt of a written application for a refund. Refunds are recorded when paid. Furniture and equipment purchases, which are not material in amount, are expensed in the year of purchase. Investment income net of administrative and investment expenses is allocated to each employer group based on the average relative fund size for each employer group for that year.

The Plan implemented Statement Number 25 of the Governmental Accounting Standards Board for Fiscal Year End 1997. As such, the Plan reports assets on a Fair Value Basis. Certain cost information is provided to comply with state law. By state statute, this Plan is required to provide information in the financial statements used to calculate Net Effective Yield. Net Effective Yield includes only realized gains and losses. The Realized Gain and Losses used in this calculation totaled \$44,479,130 for FYE 1999 and \$22,931,594 for FYE 1998.

### **Investments**

EORP investments are reported at Fair Value and at Cost. Fair values are determined as follows. Short-term investments are reported at Fair Value, which approximates Cost. Equity securities are valued at the last reported sales price. Fixed-income securities are valued using the last reported sales price or the estimated fair market value as determined by one of the world's largest and most prominent fixed-income broker/dealers. Investments that do not have an established market are reported at estimated fair value. Investment income is recognized as earned.

Statutes enacted by the Arizona Legislature authorize the Fund Manager to make investments in accordance with the "Prudent Man" rule. The Fund Manager is not limited to so-called "Legal Investments for Trustees." In making every investment, the Fund Manager shall exercise the judgement and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

- 1) That not more than seventy per cent of the pension fund shall be invested at any given time in corporate stocks, based on cost value of such stocks irrespective of capital appreciation.
- 2) That not more than five per cent of the pension fund shall be invested in securities issued by any one institution, agency or corporation, other than securities issued as direct obligations of and fully guaranteed by the United States Government.
- 3) That not more than five per cent of the voting stock of any one corporation shall be owned.
- 4) That corporate stocks eligible for purchase shall be restricted to stocks which, except for bank stocks and insurance stocks, are either:
  - a) Listed or approved on issuance for listing on an exchange registered under the securities exchange act of 1934, as amended (15 United States Code §§ 78a through 7811)
  - b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the securities exchange act of 1934, as amended (15 United States Code §§ 78a through 7811)
  - c) Listed or approved on issuance for listing on an exchange registered under the laws of this [Arizona] state or any other state.
  - d) Listed or approved on issuance for listing on an exchange of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than ten per cent of the pension fund shall be invested in foreign equity securities on these exchanges, based on the cost value of the stocks irrespective of capital appreciation.

The Plan's investment portfolio is in compliance with state law.

Statement No. 3 of the GASB requires government entities to categorize investments for the purpose of giving an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which securities are held by the Plan or its agent in the name of the Plan. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Plan's name.

All investments of the Plan (other than those held by broker-dealers under the security loan program and those investments categorized as "Other Investments") meet the criteria of Category 1. "Other Investments" are not considered securities for purposes of credit risk classification. Substantially, all investments are held in the name of the Plan by its custodian bank.

### **Money Market Account**



The money market account is a deposit with an Arizona bank. These deposits are insured by federal depository insurance. The money market account is subject to the general depository laws of the State of Arizona which require deposits to be either insured by the Federal Deposit Insurance Corporation or collateralized by certain securities including U.S. Government obligations and first mortgages.

### **Securities Lending Income**

The Plan is party to a securities lending agreement with a bank. The bank, on behalf of the Plan, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized primarily by cash. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon broker default. The Plan requires collateral of at least 102% of the market value of the loaned U.S. Government or corporate security. Securities on loan are carried at market value. As of June 30, 1999 and 1998 the market value of securities on loan was \$75,170,384 and \$45,764,362, respectively. The Plan receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent. The Plan participates in a collateral investment pool. All security loans can be terminated on demand by either the pool participants or the borrower. All term loans have a matched collateral investment. Cash collateral received for open loans is invested for longer term, however, at least 20% of total collateral investments must be invested on an overnight basis and at least 30% of total collateral investments must be invested with a maturity of 7 days or less. Additionally, no more than 20% of the total collateral investments will be invested in instruments maturing in over 91 days. In lending securities, investments of cash collateral for open loans as of June 30, 1999 are not matched in maturity and have a weighted average maturity of 8 days, 16 days as of June 30, 1998. The Plan has no credit risk under this program and has experienced no default or losses on these loans.

### **NOTE 3 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE**

The Retirement Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities and assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a rolling twenty (20) year period.

During the year ended June 30, 1999, contributions totaling \$6,911,141 (\$3,941,018 employer and \$2,970,123 member) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1997. The employer contributions consisted of \$7,297,525 for normal cost less (\$3,356,507) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 8.9% of covered payroll. [16.48% for normal costs and (7.58)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.00% of covered payroll and is all attributable to normal costs.

During the year ended June 30, 1998, contributions totaling \$6,963,050 (\$3,668,144 employer and \$3,294,906 member) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1996. The employer contributions consisted of \$4,738,987 for normal cost less (\$1,070,843) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 12.64% of covered payroll. [16.33% for normal costs and (3.69)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.00% of covered payroll and is all attributable to normal costs.

### **NOTE 4 – REQUIRED SCHEDULES**

The Schedule of Funding Progress and the Schedule of Employer Contributions are presented immediately following the notes to the financial statements.

### **NOTE 5 – YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the plan's operations this year.

The Plan has completed an inventory of computer systems and other electronic systems that are necessary to conduct the plan's operations, which may be affected by the year 2000 issue. These systems have been tested and validated to comply with any problems created by the year 2000 issue. The Plan has also conducted tests with its bank to insure that the bank is 2000 compliant for direct deposit of pension payments.

The Plan's testing, as well as its bank's testing, did not indicate any problem with the year 2000 issue. However, until the year 2000, these efforts cannot be judged as to its success.

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

While not any one or two numeric indices can fully describe the financial condition of a retirement plan, the ratio of unfunded actuarial accrued liabilities to active member payroll is significant. The ratio of unfunded actuarial accrued liabilities to member payroll is a relative index of condition where inflation is present in both items. Observation of the ratio over a period of years gives an indication of funding achievement. The smaller the index, the stronger the system's condition. Shown below is a Comparative Schedule (\$ in thousands) since legislation was enacted in 1982, setting up a 40-year amortization schedule. Effective June 30, 1997, Unfunded (Excess) Actuarial Accrued Liabilities are being amortized on a level percent method over a rolling twenty (20) year period.

Actuarial Valuation Date	Actuarial Value of Assets (a) <sup>2</sup>	Actuarial Accrued Liability (AAL) —Entry Age (b)	Unfunded (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-82	\$ 13,162	\$ 18,357	\$ 5,195	71.7%	\$ 7,444	69.8%
6-30-83	15,350	19,013	3,663	80.7	8,087	45.3
6-30-84	17,694	19,694	2,000	89.8	8,113	24.7
6-30-85* <sup>3</sup>	49,900	48,969	(931)	101.9	17,691	(5.3)
6-30-86	58,757	53,427	(5,330)	110.0	17,842	(29.9)
6-30-87 <sup>1</sup>	65,818	66,642	824	98.8	20,409	4.0
6-30-88 <sup>1</sup>	73,993	77,908	3,915	95.0	21,444	18.3
6-30-89* <sup>1</sup>	84,258	90,951	6,693	92.6	24,605	27.2
6-30-90* <sup>1</sup>	92,421	100,433	8,012	92.0	25,776	31.1
6-30-91* <sup>1</sup>	103,570	109,650	6,080	94.5	27,838	21.8
6-30-92* <sup>1</sup>	115,869	115,098	(771)	100.7	27,777	(2.8)
6-30-93*	127,984	127,478	(506)	100.4	29,708	(1.7)
6-30-94 <sup>1</sup>	140,145	138,322	(1,823)	101.3	29,633	(6.2)
6-30-95 <sup>1</sup>	159,111	149,366	(9,745)	106.5	30,324	(32.1)
6-30-96*	181,754	158,126	(23,628)	114.9	29,967	(78.8)
6-30-97*	214,035	169,593	(44,442)	126.2	33,896	(131.1)
6-30-98	241,884	199,662	(42,222)	121.1	40,441	(104.4)
6-30-99	\$ 283,337	\$ 227,100	\$ (56,237)	124.8%	\$ 43,087	(130.5) %

\* One-time cost-of-living adjustments for retired members and survivors, effective July 1 were included in this valuation. Future increases for retirees and their survivors over age fifty-five are dependent upon excess earnings created by the Fund.

1. Reflects significant plan amendments or assumption changes.
2. Excludes the amount held in reserve for future benefit increases. Beginning 6-30-95, includes an amount for partial recognition of the difference between market value and book value of system assets amortized over a four year period.
3. Reflects the 1985 amendment consolidating the Judges' Retirement System and the Elected Officials' Retirement Plan.

AAL is calculated using the entry age normal method. Significant assumptions used in determining AAL include (a) a rate of return on the investment of present and future assets of 9.0% per year compounded annually, (b) projected salary increases of 7.0% per year compounded annually, attributable to an assumed inflation rate of 5.5% and other across-the-board factors of 1.5%.

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Employer Contributions	
	Annual Required Contribution	Percentage Contributed
1990	\$3,048,190	100%
1991	\$4,141,666	100%
1992	\$4,830,326	100%
1993	\$4,941,470	100%
1994	\$5,555,890	100%
1995	\$5,224,545	100%
1996	\$4,886,479	100%
1997	\$4,934,939	100%
1998	\$3,668,144	100%
1999	\$3,941,018	100%

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUPPORTING SCHEDULE OF CHANGES IN FUND BALANCE RESERVES  
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	Refundable Members' Reserve	Employers' Reserve	Future Benefit Increase Reserve
<b>Balance -- June 30, 1997</b>	\$ 17,978,673	\$ 238,505,317	\$ 3,829,903
<b>Distribution of Revenues and Expenses:</b>			
Members' Contributions	3,294,906		
Employers' Contributions		3,668,144	
Earnings on Investments		54,378,360	
Pension Benefits		(10,963,879)	
Refunds to Terminated Members	(30,960)		
Administrative Expenses		(59,967)	
<b>Distribution of Transfers:</b>			
Excess Investment Earnings to be used for Future Benefit Increases		(10,870,740)	10,870,740
Earnings on Excess Investment Earnings Acct Assets		(813,088)	813,088
Amount Utilized by Benefit Increases Granted		888,283	(888,283)
Amount Transferred by HB 2496 Second Session 1998		(15,136,519)	15,136,519
Net Transfers from Other State-Sponsored Pension Plans	300,542	428,152	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(840,129)	840,129	
<b>Balance -- June 30, 1998</b>	\$ 20,703,032	\$ 260,864,192	\$29,761,967
<b>Distribution of Revenues and Expenses:</b>			
Members' Contributions	2,970,123		
Employers' Contributions		3,941,018	
Earnings on Investments Net of Investment Expenses		53,424,808	
Pension Benefits		(11,991,654)	
Refunds to Terminated Members	(168,980)		
Administrative Expenses		(60,307)	
<b>Distribution of Transfers:</b>			
Excess Investment Earnings to be used for Future Benefit Increases		(9,129,468)	9,129,468
Earnings on Excess Investment Earnings Acct Assets		(5,214,297)	5,214,297
Amount Utilized by Benefit Increases Granted		3,623,737	(3,623,737)
Net Transfers from Other State-Sponsored Pension Plans	29,175	18,687	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(2,027,579)	2,027,579	
<b>Balance -- June 30, 1999</b>	<u>\$ 21,505,771</u>	<u>\$ 297,504,295</u>	<u>\$40,481,995</u>

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUPPORTING SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Administrative	Investment	Total
Accounting and Auditing Services	\$ 3,800	\$ -	\$ 3,800
Actuarial Services	21,670	-	21,670
Contractual Services	1,077	584	1,661
Educational Expenses	539	960	1,499
Furniture and Equipment	2,514	1,364	3,878
Investment Equipment	-	237	237
Investment Services	-	86	86
Occupancy Expenses	1,608	291	1,899
Office Supplies	536	203	739
Payroll Taxes and Fringe Benefits	3,017	2,455	5,472
Postage Expense	1,306	236	1,542
Printing, Publications and Subscriptions	4,125	63	4,188
Professional Services	1,446	262	1,708
Salaries and Wages	18,138	14,761	32,899
Telephone Expense	430	123	553
Travel Expense	101	497	598
	<u>\$ 60,307</u>	<u>\$ 22,122</u>	<u>\$ 82,429</u>

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUPPORTING SCHEDULE OF PAYMENTS TO CONSULTANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Fees Paid
Standard & Poor's - Investment Counsel	\$ (1)
Gabriel, Roeder, Smith & Company - Consulting Actuaries	21,670
Barrows & Schatza, P.L.C. - Auditors	3,800
Leiberman, Dodge, Sendrow & Gerding, Ltd. - Legal Counsel	1,708
	<u>\$ 27,178</u>

- (1) This Service was provided to the Plan without charge by Standard & Poor's Securities, Inc.  
The value of these services is approximately \$5,000

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF  
CASH RECEIPTS AND CASH DISBURSEMENTS  
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	1999	1998
<b>RECEIPTS:</b>		
Members' Contributions	\$ 3,061,867	\$ 3,296,372
Employers' Contributions	4,104,993	3,494,154
Interest	6,578,393	6,860,360
Dividends	2,202,755	2,871,174
Securities Lending Income	78,299	78,480
Amounts Transferred from Other		
State-Sponsored Pension Plans	142,523	728,694
Maturities and Sales of:		
U.S. Government Securities	8,252,200	6,195,987
Corporate Bonds	591,649	2,032,718
Corporate Notes	325,772,917	309,688,325
Other Investments	1,289,724	490,321
Common Stock	112,990,626	48,923,471
Net Decrease in Money Market Fund	-	518,481
<b>Total Receipts:</b>	465,065,946	385,178,537
<b>DISBURSEMENTS:</b>		
Pension Benefits	11,991,654	10,963,879
Refunds to Terminated Members	168,980	30,960
Investment and Administrative Expenses	82,429	79,523
Amounts Transferred to Other		
State-Sponsored Pension Plans	94,661	-
Acquisitions of:		
U.S. Government Securities	4,967,515	-
Corporate Bonds	5,272,860	9,217,583
Corporate Notes	325,773,519	306,701,163
Other Investments	3,337,500	2,605,721
Common Stock	113,011,289	55,586,689
Net Increase in Money Market Fund	365,539	-
<b>Total Disbursements:</b>	465,065,946	385,185,518
<b>DECREASE IN CASH</b>	-	(6,981)
<b>BEGINNING CASH BALANCES, July 1</b>	-	6,981
<b>ENDING CASH BALANCES, June 30</b>	\$ -	\$ -



# **INVESTMENT SECTION**

ELECTED OFFICIALS' RETIREMENT PLAN  
EIGHTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1999

Fund Objectives

Investment Performance Data

Supporting Schedule of Commissions Paid to Brokers

Summary of Changes in Investment Portfolio

Detailed List of Investments Acquired

Detailed List of Sales  
and Redemption of Investments

Detailed List of Investments Owned





## FUND OBJECTIVES

1. The intent of the Public Safety Personnel Retirement System, the Elected Official's Retirement Plan and the Corrections Officer Retirement Plan (herein after referred to as the Plan) is to provide the Plan participants benefits as defined in Title 38, chapter 5, articles 3, 4 and 6 of the Arizona Revised Statutes.
2. The Fund Manager and the Administrator will discharge their duties with respect to the Plan solely in the interest of the Plan participants, beneficiaries and employer sponsors. In making every investment, the Fund Manager shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided these investments are made in conformity with all applicable laws.
3. The intention of the Plan is to maintain the benefit level as stated in Title 38, chapter 5, articles 3, 4 and 6 of the Arizona Revised Statutes and as amended from time to time by the Arizona State Legislature. In order to maintain this benefit level the Plan will annually adjust the employer contribution rate based on the recommendations made by the annual actuarial valuations. The Plan's funding goal is for the Plan assets to be equal to Plan liabilities within any twenty-year period.
4. It is the intent of the Plan to level off or reduce the employer contribution rate to the Plan as well as to provide the opportunity for increased benefits for retirees as the legislature may from time to time enact, through the systematic growth of the investments of the fund.
5. The primary objective of the investment program of the Plan is a reasonable, long-range total rate of return. Inherent in this goal is the preservation and enhancement of capital through effective management of the portfolio in order to take advantage of attractive opportunities various market sectors have to offer.

Adopted this 17<sup>th</sup> day of June, 1998, by the Fund Manager.

John A. Cochran/sig

\_\_\_\_\_  
John A. Cochran, Ph.D., Chairman

F. Michael Geddes/sig

\_\_\_\_\_  
F. Michael Geddes, Member

Carmen Torrie/sig

\_\_\_\_\_  
Carmen Torrie, Member

Donald L. De Ment/sig

\_\_\_\_\_  
Donald L. De Ment, Member

Tony West/sig

\_\_\_\_\_  
Tony West, Member

Added 11-57-92  
Revised 11-55-97  
Revised 06-45-98

Standard & Poor's Investment  
Advisory Services, Inc.  
55 Water Street  
New York, NY 10041  
Tel: (212) 438-9546  
Fax: (212) 438-9511



September 8, 1999

The Fund Manager  
Elected Officials' Retirement Plan

Dear Sirs:

The attached charts and tables depict the investment performance for the Elected Officials' Retirement Plan of the State of Arizona. The performance results shown are based entirely on data provided by the plan's staff and does not constitute an audit on Standard & Poor's part. We note that Standard & Poor's has assumed that all data that has been supplied by the staff is accurate and complete and that Standard & Poor's has not taken steps to verify same. We also note that the performance was calculated under the assumption that cash inflows and outflows take place uniformly through each month.

The performance data include realized and unrealized capital gains and losses, as well as interest and dividend income earned by the fund. We believe these computations were performed in accordance with accepted AIMR procedures.

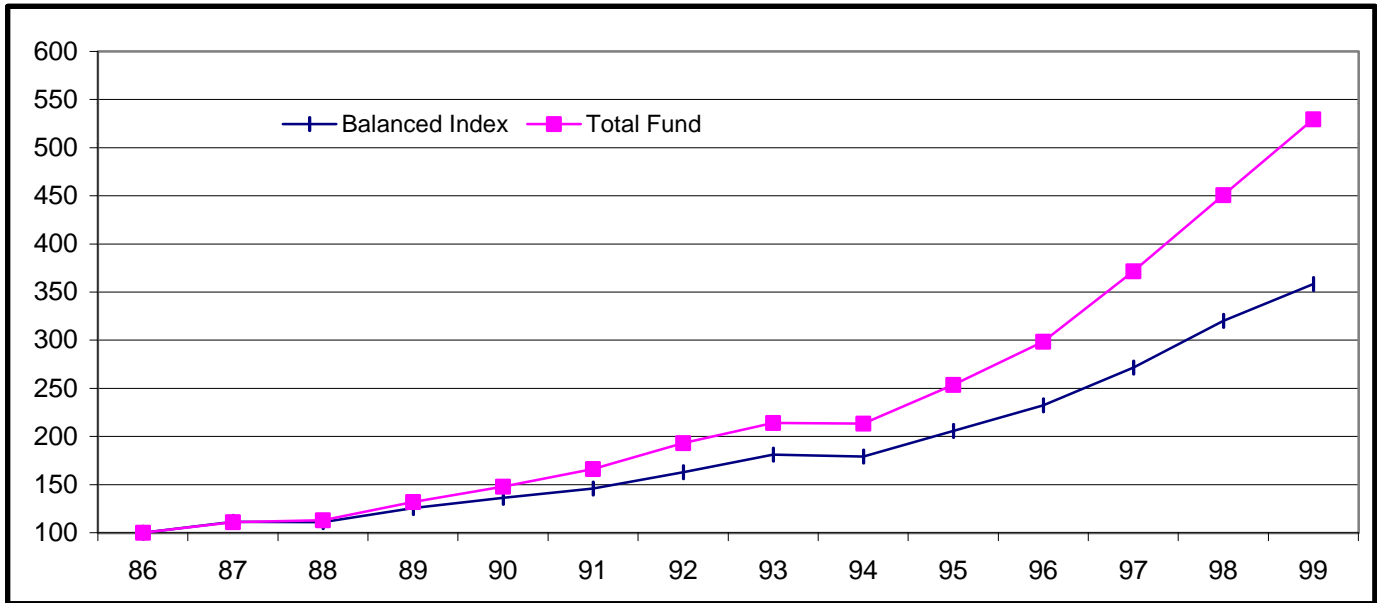
Based on the foregoing, during the past fiscal year, the stock portfolio outperformed the NYSE and S&P 500 indices, while the bond portfolio underperformed the Lehman Government/Corporate Index. The overall fund outperformed two custom benchmarks, each using a bond and stock index invested the same proportion as the overall fund. The overall fund has attained a rate of return over the past decade that compares favorably with these custom indices.

Sincerely,

Kenneth Shea/sig

Kenneth Shea  
VP - Director of Equity Research

## Cumulative Returns - Total Fund Elected Officials



FYE	Market Value	Contribution	Total Return	Balanced Index*
06-30-99	\$356,162,525	(\$1,394,667)	17.52%	11.94%
06-30-98	308,491,389	(3,652,362)	21.23%	17.82%
06-30-97	257,721,510	(2,741,753)	24.58%	16.85%
06-30-96	209,379,157	(2,790,415)	17.69%	12.99%
06-30-95	180,418,272	(1,649,899)	18.78%	14.82%
06-30-94	153,422,862	54,156	-0.19%	-1.03%
06-30-93	153,665,647	(794,301)	10.70%	11.22%
06-30-92	139,529,010	844,693	16.29%	11.51%
06-30-91	119,192,732	625,797	12.31%	7.19%
06-30-90	105,498,890	420,839	12.25%	8.49%
06-30-89	93,578,548	1,095,348	16.61%	13.23%
06-30-88	79,125,721	1,018,730	1.80%	-0.33%
06-30-87	76,655,143	554,007	11.01%	11.20%
06-30-86	68,508,067			

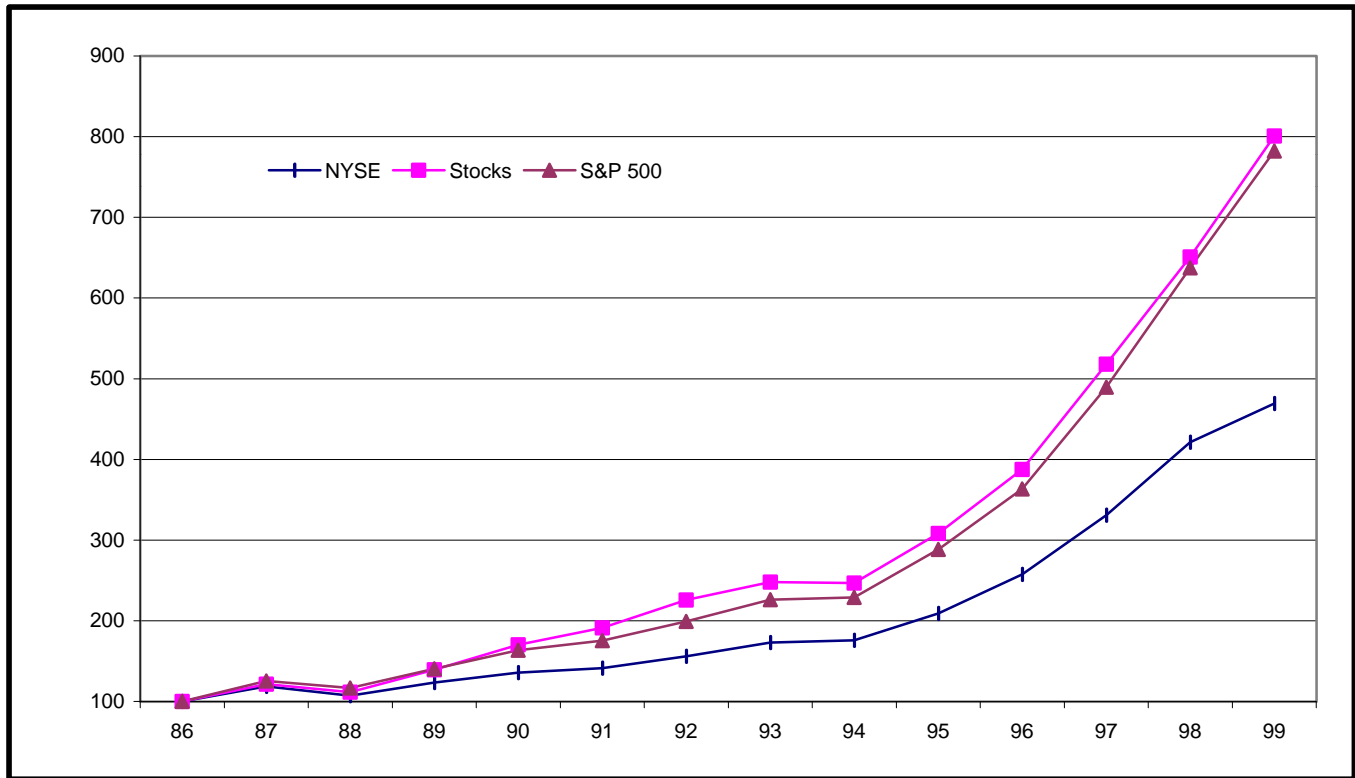
\*Balanced Index is 45% NYSE + 45% Lehman Government/Corporate Bond + 10% 91 day T-bill. Beginning FY 98/99, S&P 500 replaces NYSE.

Prior to 1990 the weightings in each asset class were calculated using the fiscal year-end market values.

Since 1990, the asset class weightings have been calculated using the average weightings of the quarter's beginning & ending market values.

Annualized Returns		
	Total Fund	Custom Index 1
3-year	21.07%	15.51%
5-year	19.93%	14.86%

## Cumulative Returns - Stocks Elected Officials

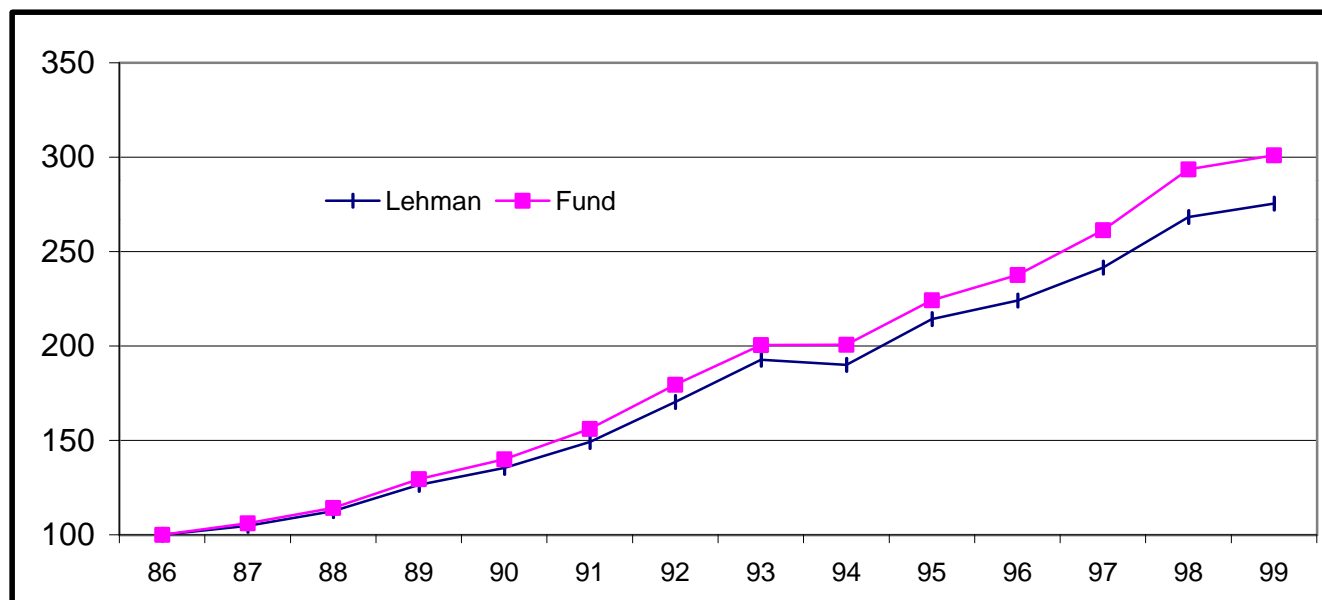


FYE	Market Value	Contribution	Total Return	NYSE Index*	S&P 500
06-30-99	\$268,364,567	(\$6,297,570)	23.04%	11.40%	22.76%
06-30-98	219,970,996	3,973,823	25.63%	27.35%	30.16%
06-30-97	172,058,639	(1,803,249)	33.72%	28.48%	34.69%
06-30-96	130,754,134	2,472,036	25.68%	23.08%	26.00%
06-30-95	100,984,922	(4,284,646)	24.88%	19.04%	26.06%
06-30-94	84,956,830	858,704	-0.41%	1.58%	1.23%
06-30-93	84,488,875	9,068,166	9.90%	11.04%	13.52%
06-30-92	68,365,688	6,044,772	18.05%	10.25%	13.45%
06-30-91	52,650,675	9,161,349	12.21%	4.09%	7.39%
06-30-90	37,844,300	5,083,288	22.43%	9.88%	16.44%
06-30-89	26,506,185	(3,016,405)	24.94%	15.17%	20.54%
06-30-88	24,034,290	(805,321)	-8.16%	-9.70%	-6.97%
06-30-87	27,185,325	4,220,210	21.22%	18.83%	25.19%
06-30-86	18,284,450				

\*Our investment universe is the New York Stock Exchange (NYSE) prior to July 21, 1997.

Annualized Returns			
	Total Stocks	NYSE	S&P 500
3-year	27.38%	22.15%	29.11%
5-year	26.54%	21.71%	27.87%

## Cumulative Return - Bonds Elected Officials



FYE	Market Value	Contribution	Total Return	Lehman*
06-30-99	\$87,797,958	\$4,902,903	2.55%	2.69%
06-30-98	88,520,393	(7,626,185)	12.28%	11.08%
06-30-97	85,666,634	(938,504)	9.98%	7.75%
06-30-96	78,625,023	(5,262,451)	6.02%	4.65%
06-30-95	794,333,350	2,634,747	11.67%	12.75%
06-30-94	68,466,032	(804,548)	0.08%	-1.45%
06-30-93	69,176,772	(9,862,467)	11.75%	13.15%
06-30-92	71,163,322	(5,200,079)	15.00%	14.17%
06-30-91	66,542,057	(8,535,552)	11.55%	10.21%
06-30-90	67,654,590	(4,662,449)	8.05%	7.11%
06-30-89	67,072,363	4,111,753	13.40%	12.34%
06-30-88	55,091,431	1,824,079	7.61%	7.48%
06-30-87	49,469,818	(3,666,202)	6.12%	4.68%
06-30-86	50,223,617			

\*The Lehman Government/Corporate bond index includes more than 5,000 public traded bond issues of \$25 million or more rated Baa or better for a total market value of more than \$2 trillion.

Annualized Returns		
	Total Bonds	Lehman
3-year	8.19%	7.12%
5-year	8.44%	7.72%

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUPPORTING SCHEDULE OF COMMISSIONS PAID TO BROKERS  
FISCAL YEAR ENDED JUNE 30, 1999**

<u>Broker</u>	<u>Number of Shares Traded</u>	<u>Average Commission</u>	<u>Commissions</u>
Covato Lipsitz	211,094	0.050	\$ 10,555
ISI Group	225,500	0.050	11,275
J.W.Garrett	457,000	0.050	22,850
Merrill Lynch	516,000	0.017	8,925
Paine Webber	404,000	0.033	13,451
Prudential Securities	498,250	0.031	15,587
Smith Barney--Phoenix	521,000	0.029	14,875
Smith Barney--Scottsdale	454,200	0.028	12,695
Simon Securities	600,705	0.050	30,035
Standard & Poor's Securities	<u>493,000</u>	0.050	<u>24,650</u>
<b>Total Commissions</b>	<b><u><u>4,380,749</u></u></b>	<b><u>0.038</u></b>	<b><u><u>\$ 164,898</u></u></b>

The Plan typically pays \$ .05 per share traded plus SEC charges on sale transactions. Over the Counter stocks are typically traded net of commissions. The firms with an average commission of less than \$.05 have traded Over the Counter stocks net of commissions for the Plan.

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Description	Percent at Fair Value	Balance June 30, 1998 Value	Book Value	Acquisitions	Maturities and Sales	(Premium) Discount	Balance June 30, 1999 Book Value	Fair Value	Percent at Fair Value
U.S. Treasury Obligations	6.9%	21,169,220.00	18,019,073.00	0.00	2,001,032.00	(19,783.00)	15,998,258.00	18,339,980.00	5.1%
Federal Agency Obligations	7.4%	22,750,932.56	21,331,274.57	4,967,514.66	6,233,167.50	751.00	20,066,372.73	20,861,563.51	5.9%
<b>Total U.S. Government Securities</b>	<b>14.3%</b>	<b>43,920,152.56</b>	<b>39,350,347.57</b>	<b>4,967,514.66</b>	<b>8,234,199.50</b>	<b>(19,032.00)</b>	<b>36,064,630.73</b>	<b>39,201,543.51</b>	<b>11.0%</b>
<b>Corporate Bonds</b>	<b>12.7%</b>	<b>39,274,698.25</b>	<b>35,804,252.59</b>	<b>5,272,860.35</b>	<b>534,078.10</b>	<b>(39,464.00)</b>	<b>40,503,570.84</b>	<b>40,855,899.48</b>	11.5%
Total Bond Portfolio	27.0%	83,194,850.81	75,154,600.16	10,240,375.01	8,768,277.60	(58,496.00)	76,568,201.57	80,057,442.99	22.5%
<b>Corporate Notes</b>	<b>0.6%</b>	<b>1,997,205.00</b>	<b>1,997,205.00</b>	<b>325,773,518.93</b>	<b>325,772,917.26</b>	<b>0.00</b>	<b>1,997,806.67</b>	<b>1,997,806.67</b>	0.6%
<b>Common Stock</b>	<b>71.3%</b>	<b>219,970,995.81</b>	<b>125,929,882.55</b>	<b>113,011,288.78</b>	<b>68,529,627.76</b>	<b>0.00</b>	<b>170,411,543.57</b>	<b>268,364,567.00</b>	75.3%
<b>Other Investments</b>	<b>1.0%</b>	<b>3,115,399.87</b>	<b>3,115,399.87</b>	<b>3,337,500.00</b>	<b>1,288,667.30</b>	<b>0.00</b>	<b>5,164,232.57</b>	<b>5,164,232.57</b>	1.4%
<b>Money Market Account</b>	<b>0.1%</b>	<b>212,937.00</b>	<b>212,937.00</b>	<b>365,538.75</b>	<b>0.00</b>	<b>0.00</b>	<b>578,475.75</b>	<b>578,475.75</b>	0.2%
<b>Total Portfolio</b>	<b>100.0%</b>	<b>308,491,388.49</b>	<b>206,410,024.58</b>	<b>452,728,221.47</b>	<b>404,359,489.92</b>	<b>(58,496.00)</b>	<b>254,720,260.13</b>	<b>356,162,524.98</b>	<b>100.0%</b>



STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS ACQUIRED  
JULY 1, 1998 THROUGH JUNE 30, 1999

**BONDS ACQUIRED**

Security	Coupon	Maturity	Purchase Price	Par Value	Principal	(Premium) Discount	Accrued Interest	Total Amount	Yield
<b>FEDERAL AGENCY OBLIGATIONS</b>									
GNMA POOL #472997	7.000	06/15/29	99.46875	2,000,000.00	1,989,375.00	10,625.00	8,555.56	1,997,930.56	7.04%
GNMA POOL #510958	7.000	05/15/29	99.28125	2,999,700.00	2,978,139.66	21,560.34	12,832.05	2,990,971.71	7.05%
<b>TOTAL FEDERAL AGENCY OBLIGATIONS</b>				<b>4,999,700.00</b>	<b>4,967,514.66</b>	<b>32,185.34</b>	<b>21,387.61</b>	<b>4,988,902.27</b>	<b>7.05%</b>
<b>CORPORATE BONDS</b>									
JPM CAPITAL TRUST II	7.950	02/01/27	104.61500	1,000,000.00	1,046,150.00	(46,150.00)	8,170.83	1,054,320.83	7.60%
LEHMAN BROTHERS HOLDINGS INC	8.800	03/01/15	111.91104	1,000,000.00	1,119,110.35	(119,110.35)	38,866.67	1,157,977.02	7.86%
SECURITY NATIONAL MORTGAGE LOAN	7.870	08/25/30	100.00000	1,000,000.00	1,000,000.00	0.00	0.00	1,000,000.00	7.87%
SECURITY NAT'L MORTGAGE 99-1	8.353	09/25/30	100.00000	1,000,000.00	1,000,000.00	0.00	0.00	1,000,000.00	8.35%
USF&G CAPITAL II, SERIES B	8.470	01/10/27	110.76000	1,000,000.00	1,107,600.00	(107,600.00)	7,528.89	1,115,128.89	7.65%
<b>TOTAL CORPORATE BONDS</b>				<b>5,000,000.00</b>	<b>5,272,860.35</b>	<b>(272,860.35)</b>	<b>54,566.39</b>	<b>5,327,426.74</b>	<b>7.86%</b>
<b>TOTAL BONDS PURCHASED</b>				<b>9,999,700.00</b>	<b>10,240,375.01</b>	<b>(240,675.01)</b>	<b>75,954.00</b>	<b>10,316,329.01</b>	<b>7.96%</b>

**STATE OF ARIZONA  
ELECTED OFFICIALS RETIREMENT PLAN  
INVESTMENTS ACQUIRED  
JULY 1, 1998 THROUGH JUNE 30, 1999  
SHORT TERM INVESTMENTS MATURED**

Page 1 of 4

<b>Date Acquired</b>	<b>Description</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Cost</b>	<b>Amount of Interest</b>	<b>Maturity Value</b>
06/23/98	MERRILL LYNCH & CO,INC.	5.590	07/02/98	1,997,205.00	2,795.00	2,000,000.00
07/02/98	MERRILL LYNCH & CO,INC.	5.550	07/08/98	1,998,150.00	1,850.00	2,000,000.00
07/08/98	HERTZ CORP	5.500	07/31/98	996,486.11	3,513.89	1,000,000.00
07/08/98	RELIASTAR MORTGAGE CO	5.520	07/14/98	999,080.00	920.00	1,000,000.00
07/09/98	DISTRIBUTOR FUNDING	5.530	07/15/98	1,998,156.67	1,843.33	2,000,000.00
07/09/98	KZH-SOLEIL-2 CORP	5.510	07/15/98	999,081.67	918.33	1,000,000.00
07/13/98	BANCA CRT FINANCIAL COR	5.550	07/20/98	998,920.83	1,079.17	1,000,000.00
07/14/98	TRIDENT CAPITAL FINANCE	5.520	07/23/98	998,620.00	1,380.00	1,000,000.00
07/15/98	HERTZ CORP	5.500	07/20/98	999,236.11	763.89	1,000,000.00
07/15/98	ATLANTIC RICHFIELD	5.520	07/23/98	2,996,320.00	3,680.00	3,000,000.00
07/20/98	HALIFAX PLC	5.480	07/24/98	1,998,782.22	1,217.78	2,000,000.00
07/23/98	HASBRO INC.	5.540	07/28/98	1,998,461.11	1,538.89	2,000,000.00
07/23/98	MERRILL LYNCH & CO,INC.	5.480	07/28/98	1,998,477.78	1,522.22	2,000,000.00
07/24/98	DUKE CAPITAL CORP	5.520	07/27/98	1,999,080.00	920.00	2,000,000.00
07/27/98	FORD MOTOR CREDIT CO.	5.520	07/29/98	1,999,386.67	613.33	2,000,000.00
07/28/98	HALIFAX PLC	5.610	07/30/98	1,999,376.67	623.33	2,000,000.00
07/28/98	EXXON ASSET MANAGEMENT	5.550	07/30/98	1,999,383.33	616.67	2,000,000.00
07/30/98	GENERAL MOTORS CORP	5.640	08/03/98	1,998,746.67	1,253.33	2,000,000.00
08/11/98	UBS FINANCE(DELAWARE)	5.470	08/12/98	999,848.06	151.94	1,000,000.00
08/11/98	CONSOLIDATED EDISON CO.	5.500	08/13/98	1,999,388.89	611.11	2,000,000.00
08/17/98	KZH-ING-3	5.810	08/18/98	1,999,677.22	322.78	2,000,000.00
08/17/98	FORD MOTOR CREDIT CO.	5.620	08/19/98	1,999,375.55	624.45	2,000,000.00
08/18/98	DISTRIBUTION FUNDING	5.570	08/20/98	999,690.56	309.44	1,000,000.00
08/18/98	NORWEST CORPORATION	5.500	08/31/98	998,013.89	1,986.11	1,000,000.00
08/19/98	EXXON ASSET MANAGEMENT	5.460	08/24/98	1,998,483.33	1,516.67	2,000,000.00
08/24/98	CASE EQUIP. LOAN TRUST	5.510	08/26/98	1,999,387.78	612.22	2,000,000.00
08/27/98	COUNTRYWIDE HOME LOANS	5.570	08/28/98	999,845.28	154.72	1,000,000.00
08/27/98	NEW ENGLAND ELECTRIC	5.560	09/01/98	1,998,455.56	1,544.44	2,000,000.00
08/28/98	AC ACQUISITION HOLDING	5.500	08/31/98	999,541.67	458.33	1,000,000.00
08/28/98	CAISSE DES DEPOTS	5.580	09/01/98	999,380.00	620.00	1,000,000.00
09/15/98	MERRILL LYNCH & CO,INC.	5.560	09/21/98	999,073.33	926.67	1,000,000.00
09/17/98	CENTERIOR FUEL	5.550	09/30/98	997,995.83	2,004.17	1,000,000.00
09/21/98	FORD MOTOR CREDIT CO.	5.480	09/24/98	999,543.33	456.67	1,000,000.00
09/28/98	ENGELHARD CORP	5.500	09/29/98	2,999,541.67	458.33	3,000,000.00
09/30/98	MARKET STREET FUNDING	5.550	10/05/98	1,998,458.33	1,541.67	2,000,000.00
10/02/98	TRIPLE A-1 FUNDING	5.410	10/06/98	999,398.88	601.12	1,000,000.00
10/05/98	SUN BELT-DIX, INC.	8.500	10/13/98	1,997,555.56	2,444.44	2,000,000.00
10/06/98	TRIDENT CAPITAL FINANCE	5.370	10/30/98	996,420.00	3,580.00	1,000,000.00
10/13/98	PREFERRED RECEIVABLES	5.350	10/16/98	1,999,108.33	891.67	2,000,000.00
10/15/98	DUKE CAPITAL CORP	5.650	10/16/98	999,843.06	156.94	1,000,000.00
10/16/98	EDISON ASSET SECURT.	5.200	10/21/98	1,998,555.56	1,444.44	2,000,000.00
10/16/98	MONTAUK FUNDING CORP	5.250	10/23/98	998,979.17	1,020.83	1,000,000.00
10/21/98	CHARTA CORPORATION	5.150	10/26/98	1,998,569.44	1,430.56	2,000,000.00
10/26/98	MERRILL LYNCH & CO,INC.	4.950	10/29/98	999,587.50	412.50	1,000,000.00
10/26/98	THAMES ASSET GLOBAL SEC	5.120	10/30/98	999,431.11	568.89	1,000,000.00
10/29/98	COMMERZBANK U.S FINANCE	5.280	11/02/98	999,413.33	586.67	1,000,000.00
10/30/98	AMSTERDAM FUNDING CORP	5.680	11/03/98	999,368.89	631.11	1,000,000.00
11/02/98	CINCINNATI BELL INC.	5.550	11/05/98	999,537.50	462.50	1,000,000.00
11/03/98	HALIFAX PLC	5.380	11/05/98	999,701.11	298.89	1,000,000.00
11/05/98	MERRILL LYNCH & CO,INC.	5.050	11/10/98	1,998,597.22	1,402.78	2,000,000.00
11/10/98	FORD MOTOR CREDIT CO.	5.110	11/30/98	997,161.11	2,838.89	1,000,000.00
11/10/98	HERTZ CORP	5.150	11/17/98	998,998.61	1,001.39	1,000,000.00

**STATE OF ARIZONA  
ELECTED OFFICIALS RETIREMENT PLAN  
INVESTMENTS ACQUIRED  
JULY 1, 1998 THROUGH JUNE 30, 1999  
SHORT TERM INVESTMENTS MATURED**

Page 2 of 4

<b>Date Acquired</b>	<b>Description</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Cost</b>	<b>Amount of Interest</b>	<b>Maturity Value</b>
11/12/98	HALIFAX PLC	5.180	11/17/98	1,998,561.11	1,438.89	2,000,000.00
11/13/98	DUKE CAPITAL CORP	5.300	11/20/98	998,969.44	1,030.56	1,000,000.00
11/16/98	MARKET STREET FUNDING	5.670	11/19/98	999,527.50	472.50	1,000,000.00
11/17/98	CONSOLIDATED COAL CO.	5.620	11/23/98	1,998,126.67	1,873.33	2,000,000.00
11/17/98	QUINCY CAPITAL CORP	5.240	11/23/98	999,126.67	873.33	1,000,000.00
11/19/98	NEPTUNE FUNDING	5.050	12/01/98	998,316.67	1,683.33	1,000,000.00
11/20/98	EXXON ASSET MANAGEMENT	4.500	11/25/98	999,375.00	625.00	1,000,000.00
11/23/98	COOPERATIVE ASSN OF TRA	4.650	11/24/98	2,999,612.50	387.50	3,000,000.00
11/24/98	CONSOLIDATED COAL CO.	5.350	12/01/98	998,959.73	1,040.27	1,000,000.00
11/24/98	DUKE CAPIYAL CORP	4.980	12/03/98	998,755.00	1,245.00	1,000,000.00
11/25/98	AMSTERDAM FUNDING CORP	5.020	12/02/98	999,023.89	976.11	1,000,000.00
12/01/98	HALIFAX PLC	4.880	12/04/98	999,593.33	406.67	1,000,000.00
12/01/98	EXXON ASSET MANAGEMENT	4.870	12/07/98	1,998,376.67	1,623.33	2,000,000.00
12/02/98	GEN. MTRS. ACCEPT. CORP	4.790	12/08/98	999,201.67	798.33	1,000,000.00
12/03/98	HOLLAND LIMITED SECURT.	4.850	12/10/98	999,056.94	943.06	1,000,000.00
12/04/98	FORD MOTOR CREDIT CO.	4.630	12/09/98	999,356.94	643.06	1,000,000.00
12/07/98	DAIMLER-BENZ N. AMERICA	4.720	12/10/98	999,606.67	393.33	1,000,000.00
12/08/98	FORD MOTOR CREDIT CO.	4.690	12/11/98	999,609.17	390.83	1,000,000.00
12/08/98	HALIFAX PLC	4.730	12/14/98	1,998,423.33	1,576.67	2,000,000.00
12/10/98	RECEIVABLES CAPIT. CORP	4.790	12/16/98	2,997,605.00	2,395.00	3,000,000.00
12/10/98	WORLD OMNI VEH. LEASING	4.800	12/18/98	998,933.33	1,066.67	1,000,000.00
12/11/98	ALLIEDSIGNAL INC.	5.000	12/15/98	999,444.44	555.56	1,000,000.00
12/14/98	HALIFAX PLC	5.160	12/17/98	1,999,140.00	860.00	2,000,000.00
12/16/98	WORLD OMNI VEH. LEASING	4.920	12/18/98	1,999,453.33	546.67	2,000,000.00
12/17/98	TRIPLE A-1 FUNDING	4.890	12/23/98	1,998,370.00	1,630.00	2,000,000.00
12/18/98	AMSTERDAM FUNDING CORP	4.850	12/28/98	998,652.78	1,347.22	1,000,000.00
12/18/98	FORD MOTOR CREDIT CO.	4.770	12/23/98	999,337.50	662.50	1,000,000.00
12/23/98	FORD MOTOR CREDIT CO.	4.780	12/31/98	998,937.78	1,062.22	1,000,000.00
12/23/98	G.E. CAPITAL CORP	4.820	12/31/98	1,997,857.78	2,142.22	2,000,000.00
12/28/98	WINDMILL FUNDING CORP	5.050	12/29/98	999,859.72	140.28	1,000,000.00
12/31/98	DUKE CAPITAL CORP	5.300	01/06/99	2,997,350.00	2,650.00	3,000,000.00
12/31/98	LUCENT TECHNOLOGIES	4.950	01/06/99	2,997,525.00	2,475.00	3,000,000.00
12/31/98	THREE RIVERS FUNDING	5.200	01/07/99	2,996,966.67	3,033.33	3,000,000.00
01/04/99	GTE FUNDING INC.	4.940	01/08/99	1,998,902.22	1,097.78	2,000,000.00
01/06/99	COUNTRYWIDE HOME LOANS	7.930	01/29/99	996,850.28	3,149.72	1,000,000.00
01/06/99	DUKE CAPITAL CORP	4.650	01/11/99	1,998,708.33	1,291.67	2,000,000.00
01/06/99	GEN. MTRS. ACCEPT. CORP	7.700	01/13/99	1,998,172.22	1,827.78	2,000,000.00
01/08/99	TRIPLE A-1 FUNDING	4.680	01/14/99	1,998,440.00	1,560.00	2,000,000.00
01/11/99	COMMONWEALTH BANK AUST.	5.020	01/14/99	1,999,163.33	836.67	2,000,000.00
01/13/99	REPUBLIC INDUSTRIES	5.050	01/19/99	999,158.33	841.67	1,000,000.00
01/14/99	LEXINGTON PARKER CAP.	4.950	01/19/99	1,998,625.00	1,375.00	2,000,000.00
01/14/99	TRIDENT CAPITAL FINANCE	4.900	01/20/99	999,183.33	816.67	1,000,000.00
01/15/99	THREE RIVERS FUNDING	4.900	01/21/99	1,998,366.66	1,633.34	2,000,000.00
01/19/99	CONSOLIDATION COAL CO.	4.990	01/25/99	1,998,336.67	1,663.33	2,000,000.00
01/19/99	REPUBLIC INDUSTRIES	4.800	01/22/99	1,999,200.00	800.00	2,000,000.00
01/20/99	TRIPLE A-1 FUNDING	4.760	01/26/99	999,206.67	793.33	1,000,000.00
01/21/99	HOLLAND LIMITED SECURT.	4.780	01/28/99	999,070.56	929.44	1,000,000.00
01/21/99	MARSH & MCLENNAN	4.700	01/27/99	999,216.67	783.33	1,000,000.00
01/22/99	REPUBLIC INDUSTRIES	4.770	01/28/99	1,998,410.00	1,590.00	2,000,000.00
01/27/99	COOPERATIVE ASSN OF TRA	4.900	02/02/99	1,998,366.67	1,633.33	2,000,000.00
01/27/99	GTE CORP	4.890	02/01/99	1,998,641.67	1,358.33	2,000,000.00
01/27/99	TRIPLE A-1 FUNDING	4.880	01/29/99	1,999,457.78	542.22	2,000,000.00

**STATE OF ARIZONA  
ELECTED OFFICIALS RETIREMENT PLAN  
INVESTMENTS ACQUIRED  
JULY 1, 1998 THROUGH JUNE 30, 1999  
SHORT TERM INVESTMENTS MATURED**

Page 3 of 4

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
01/27/99	VULCAN MATERIALS CO.	4.870	02/01/99	1,998,647.22	1,352.78	2,000,000.00
01/28/99	USA GROUP SMS	4.750	02/01/99	1,998,944.44	1,055.56	2,000,000.00
02/01/99	FALCON ASSET SECURT.	4.840	02/03/99	999,731.11	268.89	1,000,000.00
02/02/99	BRITISH GAS CAPITAL	4.840	02/05/99	999,596.67	403.33	1,000,000.00
02/02/99	COUNTRYWIDE HOME LOANS	4.770	02/04/99	1,999,470.00	530.00	2,000,000.00
02/02/99	INTREPID FUNDING MASTER	4.860	02/26/99	996,760.00	3,240.00	1,000,000.00
02/03/99	EXXON ASSET MANAGEMENT	4.650	02/08/99	1,998,708.33	1,291.67	2,000,000.00
02/04/99	REPUBLIC INDUSTRIES	4.800	02/10/99	1,998,400.00	1,600.00	2,000,000.00
02/05/99	DUKE CAPITAL CORP	4.720	02/09/99	999,475.56	524.44	1,000,000.00
02/08/99	MARKET STREET FUNDING	4.850	02/12/99	1,998,922.22	1,077.78	2,000,000.00
02/09/99	G.E. CAPITAL CORP	4.800	02/11/99	999,733.33	266.67	1,000,000.00
02/10/99	HOLLAND LIMITED SECURT.	4.840	02/11/99	999,865.56	134.44	1,000,000.00
02/10/99	REPUBLIC INDUSTRIES	4.870	02/17/99	1,998,106.11	1,893.89	2,000,000.00
02/11/99	AMSTERDAM FUNDING CORP	4.850	02/19/99	1,997,844.44	2,155.56	2,000,000.00
02/11/99	BLOCK FINANCIAL CORP	4.800	02/19/99	1,997,866.67	2,133.33	2,000,000.00
02/16/99	REPUBLIC INDUSTRIES	4.900	02/19/99	1,999,183.33	816.67	2,000,000.00
02/17/99	DUKE ENERGY CORP	4.730	02/22/99	1,998,686.11	1,313.89	2,000,000.00
02/19/99	ENGELHARD CORP	4.700	02/22/99	1,999,216.67	783.33	2,000,000.00
02/19/99	HOLLAND LIMITED SECURT.	4.680	02/22/99	1,999,220.00	780.00	2,000,000.00
02/19/99	KITTY HAWK FUNDING	4.740	02/23/99	1,998,946.67	1,053.33	2,000,000.00
02/22/99	DUKE CAPITAL CORP	4.820	02/23/99	1,999,732.22	267.78	2,000,000.00
02/22/99	HOLLAND LIMITED SECURT.	4.830	02/23/99	999,865.83	134.17	1,000,000.00
02/23/99	FALCON ASSET SECURT.	4.860	03/01/99	1,998,380.00	1,620.00	2,000,000.00
02/23/99	LIBERTY STREET FUNDING	4.850	03/02/99	999,056.94	943.06	1,000,000.00
02/23/99	REPUBLIC INDUSTRIES	4.830	02/26/99	1,999,195.00	805.00	2,000,000.00
03/01/99	BARTON CAPITAL CORP	4.950	03/03/99	999,725.00	275.00	1,000,000.00
03/01/99	ENGELHARD CORP	5.050	03/02/99	999,859.72	140.28	1,000,000.00
03/02/99	EXPORT DEVELOPMENT CORP	4.800	03/03/99	999,866.67	133.33	1,000,000.00
03/03/99	AMERITECH CORP	4.800	03/31/99	996,266.67	3,733.33	1,000,000.00
03/03/99	ENGELHARD CORP	4.850	03/04/99	999,865.28	134.72	1,000,000.00
03/04/99	CENTENNIAL ENERGY HOLD.	4.800	03/05/99	999,866.67	133.33	1,000,000.00
03/05/99	FAIRWAY FINANCE CORP	4.720	03/09/99	999,475.56	524.44	1,000,000.00
03/09/99	ENGELHARD CORP	4.820	03/10/99	1,999,732.22	267.78	2,000,000.00
03/09/99	QUINCY CAPITAL CORP	4.760	03/11/99	1,999,471.11	528.89	2,000,000.00
03/10/99	DISTRIBUTION FUNDING	4.880	03/12/99	1,999,457.78	542.22	2,000,000.00
03/11/99	QUINCY CAPITAL CORP	4.840	03/16/99	1,998,655.56	1,344.44	2,000,000.00
03/12/99	EAGLE FUNDING	4.820	03/17/99	1,998,661.11	1,338.89	2,000,000.00
03/16/99	CIBA SPECIALTY CHEMICAL	4.800	03/19/99	1,999,200.00	800.00	2,000,000.00
03/16/99	DISTRIBUTION FUNDING	4.780	03/19/99	999,601.67	398.33	1,000,000.00
03/17/99	ALLSTATE CORP	4.780	03/23/99	1,998,406.67	1,593.33	2,000,000.00
03/19/99	CENTENNIAL ENERGY HOLD.	4.750	03/22/99	999,604.16	395.84	1,000,000.00
03/19/99	HOLLAND LIMITED SECURT.	4.750	03/22/99	1,999,208.33	791.67	2,000,000.00
03/22/99	EATON CORPORATION	4.850	03/25/99	1,999,191.67	808.33	2,000,000.00
03/22/99	HOLLAND LIMITED SECURT.	4.830	03/25/99	999,597.50	402.50	1,000,000.00
03/23/99	ENGELHARD CORP	4.800	03/24/99	1,999,733.33	266.67	2,000,000.00
03/24/99	CAISSE DES DEPOTS	4.880	03/25/99	1,999,728.89	271.11	2,000,000.00
03/25/99	ASSET PORTFOLIO FUNDING	4.910	04/01/99	999,045.28	954.72	1,000,000.00
03/25/99	HALIFAX PLC	4.700	03/30/99	1,998,694.44	1,305.56	2,000,000.00
03/25/99	HOLLAND LIMITED SECURT.	4.930	04/01/99	1,998,082.78	1,917.22	2,000,000.00
03/31/99	BONK OF AUSTRIA CP,INC.	4.950	04/05/99	1,998,625.00	1,375.00	2,000,000.00
04/01/99	COOPERATIVE ASSN OF TRA	4.900	04/30/99	996,052.78	3,947.22	1,000,000.00
04/01/99	MARSH & MCLENNAN	5.020	04/07/99	1,998,326.67	1,673.33	2,000,000.00

**STATE OF ARIZONA  
ELECTED OFFICIALS RETIREMENT PLAN  
INVESTMENTS ACQUIRED  
JULY 1, 1998 THROUGH JUNE 30, 1999  
SHORT TERM INVESTMENTS MATURED**

Page 4 of 4

<b>Date Acquired</b>	<b>Description</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Cost</b>	<b>Amount of Interest</b>	<b>Maturity Value</b>
04/05/99	TRIPLE A-1 FUNDING	4.890	04/08/99	1,999,185.00	815.00	2,000,000.00
04/07/99	CENTAURI (CC USA)	4.760	04/08/99	1,999,735.56	264.44	2,000,000.00
04/08/99	DORADA FINANCE	4.760	04/09/99	999,867.78	132.22	1,000,000.00
04/08/99	EXXON ASSET MANAGEMENT	4.650	04/12/99	1,998,966.67	1,033.33	2,000,000.00
04/09/99	MERRILL LYNCH & CO, INC.	4.650	04/13/99	999,483.33	516.67	1,000,000.00
04/13/99	HOLLAND LIMITED SECURT.	4.710	04/14/99	999,869.17	130.83	1,000,000.00
04/14/99	FORD MOTOR CREDIT CO.	4.730	04/16/99	999,737.22	262.78	1,000,000.00
04/15/99	BANK OF AUSTRIA	4.850	04/19/99	1,998,922.22	1,077.78	2,000,000.00
04/15/99	MERRILL LYNCH & CO, INC.	4.800	04/19/99	999,466.67	533.33	1,000,000.00
04/20/99	ENTERPRISE FUNDING CORP	4.680	04/23/99	999,610.00	390.00	1,000,000.00
04/21/99	ALLMERICA FINANCIAL	4.630	04/23/99	1,999,485.56	514.44	2,000,000.00
04/21/99	FORD MOTOR CREDIT CO.	4.630	04/23/99	1,999,485.56	514.44	2,000,000.00
04/23/99	FORD MOTOR CREDIT CO.	4.590	04/28/99	1,998,725.00	1,275.00	2,000,000.00
04/23/99	GEN. MTRS. ACCEPT. CORP	4.590	04/29/99	2,997,705.00	2,295.00	3,000,000.00
04/29/99	LEXINGTON PARKER CAP.	4.870	05/04/99	2,997,970.83	2,029.17	3,000,000.00
04/29/99	MERRILL LYNCH & CO, INC.	4.850	05/05/99	2,997,575.00	2,425.00	3,000,000.00
04/29/99	NATIONAL AUSTRALIA	4.840	05/04/99	1,998,655.56	1,344.44	2,000,000.00
04/29/99	TRIPLE A-1 FUNDING	4.850	05/04/99	2,997,979.17	2,020.83	3,000,000.00
05/04/99	INTERNT'L LEASE FINANCE	4.820	05/06/99	1,999,464.44	535.56	2,000,000.00
05/04/99	FORD MOTOR CREDIT CO.	4.740	05/28/99	1,993,680.00	6,320.00	2,000,000.00
05/04/99	EXXON PROJECT INVEST.	4.810	05/07/99	1,999,198.33	801.67	2,000,000.00
05/04/99	FORD MOTOR CREDIT CO.	4.800	05/07/99	1,999,200.00	800.00	2,000,000.00
05/05/99	CARGILL GLOBAL FINANCE	4.750	05/10/99	1,998,680.56	1,319.44	2,000,000.00
05/05/99	GEN. MTRS. ACCEPT. CORP	4.730	05/11/99	999,211.67	788.33	1,000,000.00
05/07/99	CONCORD MINUTEMAN CAP.	4.720	05/12/99	1,998,688.89	1,311.11	2,000,000.00
05/07/99	SOMERSET RAILROAD CORP	4.680	05/10/99	999,610.00	390.00	1,000,000.00
05/10/99	MERRILL LYNCH & CO, INC.	4.720	05/13/99	999,606.67	393.33	1,000,000.00
05/11/99	UNITED PARCEL SERVICE	4.620	05/13/99	1,999,486.67	513.33	2,000,000.00
05/12/99	COUNTRYWIDE HOME LOANS	4.710	05/17/99	999,345.83	654.17	1,000,000.00
05/12/99	GEN. MTRS. ACCEPT. CORP	4.720	05/17/99	1,998,688.89	1,311.11	2,000,000.00
05/14/99	TOYS R US	4.820	05/19/99	999,330.56	669.44	1,000,000.00
05/17/99	MONTAUK FUNDING CORP	5.130	05/18/99	1,999,715.00	285.00	2,000,000.00
05/17/99	GREYHAWK FUNDING LLC	4.900	05/19/99	1,999,455.55	544.45	2,000,000.00
05/18/99	WORLD OMNI VEH. LEASING	4.920	05/20/99	999,726.67	273.33	1,000,000.00
05/19/99	CENTENNIAL ENERGY HOLD.	4.800	05/20/99	999,866.66	133.34	1,000,000.00
05/21/99	DULE CAPITAL CORP	4.680	05/25/99	1,998,960.00	1,040.00	2,000,000.00
05/25/99	ATLANTIS ONE FUNDING	4.700	05/27/99	999,738.89	261.11	1,000,000.00
05/28/99	EAGLE FUNDING	4.950	06/03/99	999,175.00	825.00	1,000,000.00
06/03/99	PG&E CORPORATION	4.800	06/30/99	996,400.00	3,600.00	1,000,000.00
06/09/99	ALLMERICA FINANCIAL	4.680	06/11/99	999,740.00	260.00	1,000,000.00
06/09/99	BANK AUSTRIA COMMERCIAL	4.790	06/23/99	1,996,274.44	3,725.56	2,000,000.00
06/09/99	FORD MOTOR CREDIT CO.	4.700	06/14/99	999,347.22	652.78	1,000,000.00
06/11/99	POTOMAC ELECTRIC POWER	4.800	06/17/99	999,200.00	800.00	1,000,000.00
06/14/99	LUCENT TECHNOLOGIES	4.870	06/17/99	999,594.17	405.83	1,000,000.00
06/16/99	ALLSTATE CORP	4.760	06/21/99	999,338.89	661.11	1,000,000.00
06/17/99	FORD MOTOR CREDIT CO.	4.630	06/21/99	1,998,971.11	1,028.89	2,000,000.00
06/21/99	DIAGEO CAPITAL PLC	4.750	06/23/99	999,736.11	263.89	1,000,000.00
06/21/99	WORLD OMNI VEH. LEASING	4.770	06/23/99	1,999,470.00	530.00	2,000,000.00
06/23/99	WORLD OMNI VEH. LEASING	4.800	06/28/99	1,998,666.67	1,333.33	2,000,000.00
<b>TOTALS</b>				<b>325,772,917.26</b>	<b>227,082.74</b>	<b>326,000,000.00</b>

**STATE OF ARIZONA  
ELECTED OFFICIALS RETIREMENT PLAN  
INVESTMENTS ACQUIRED  
JULY 1, 1997 THROUGH JUNE 30, 1998**

**COMMON STOCK ACQUIRED**

Page 1 of 2

<b>Company</b>	<b>No. Shares</b>	<b>Dividend Rate</b>	<b>Annual Income</b>	<b>Book Yield</b>	<b>Average Cost</b>	<b>Book Cost</b>
3COM CORPORATION	10,000	0.00	0.00	0.00%	30.02	300,179.00
AIRBORNE FREIGHT CORP	15,000	0.16	2,400.00	0.52%	30.78	461,712.00
AIRTOUCH COMMUNICATIONS	20,000	0.16	3,200.00	0.27%	59.96	1,199,164.00
ALASKA AIR GROUP	9,000	0.00	0.00	0.00%	37.29	335,651.40
ALLTELL CORPORATION	11,000	1.22	13,420.00	1.85%	65.82	724,043.10
AMERICA ONLINE	20,000	0.00	0.00	0.00%	142.39	2,847,864.80
AMERICAN EXPRESS	35,000	0.98	34,300.00	0.93%	105.83	3,704,177.00
AMGEN	50,000	0.00	0.00	0.00%	71.35	3,567,263.00
APPLIED MATERIALS	45,000	0.00	0.00	0.00%	35.85	1,613,058.00
AT&T CORP	64,000	0.88	56,320.00	1.47%	60.01	3,840,425.00
BANK OF AMERICA CORPORATION	15,000	1.80	27,000.00	2.63%	68.37	1,025,476.50
BANK OF NEW YORK	15,000	0.56	8,400.00	1.45%	38.53	577,987.50
BANK ONE CORPORATION	58,644	1.68	98,521.92	10.60%	15.85	929,570.00
BESTFOODS	10,000	0.98	9,800.00	1.76%	55.63	556,250.00
BIOGEN INC	38,000	0.00	0.00	0.00%	94.76	3,600,865.00
BRISTOL-MYERS SQUIBB CO.	23,000	0.88	20,240.00	0.80%	110.23	2,535,184.00
CABLEVISION SYSTEMS CORP	80,000	0.00	0.00	0.00%	59.48	4,758,562.70
CMS ENERGY	8,000	1.32	10,560.00	2.72%	48.55	388,400.00
COMCAST CORP.	114,000	0.00	0.00	0.00%	54.07	6,164,352.40
COMPUWARE CORPORATION	51,000	0.00	0.00	0.00%	69.97	3,568,259.30
CONTINENTAL AIRLINES	43,000	0.00	0.00	0.00%	52.83	2,271,625.30
COSTCO COMPANIES, INC.	78,000	0.00	0.00	0.00%	68.35	5,331,603.90
CVS CORP	110,000	0.24	26,400.00	0.55%	43.86	4,824,375.00
DANA CORP	40,000	1.24	49,600.00	2.92%	42.49	1,699,487.00
DAYTON HUDSON	49,000	0.40	19,600.00	0.70%	57.49	2,817,041.60
DUKE ENERGY	6,000	2.20	13,200.00	3.66%	60.05	360,300.00
EMC CORP	20,000	0.00	0.00	0.00%	68.02	1,360,300.20
ERICSSON	30,000	0.00	0.00	0.00%	27.36	820,875.00
EXPRESS SCRIPTS	4,500	0.00	0.00	0.00%	76.16	342,721.56
FIRST UNION CORP	15,000	1.88	28,200.00	3.53%	53.32	799,819.50
FOX ENTERTAINMENT GRP, IN	25,000	0.00	0.00	0.00%	27.13	678,312.00
FURNITURE BRANDS INTL	23,000	0.00	0.00	0.00%	26.10	600,302.70
GENERAL NUTRITION COMPANIES	96,500	0.00	0.00	0.00%	14.12	1,362,759.15
IMS HEALTH, INC.	53,500	0.08	4,280.00	0.19%	42.97	2,298,798.90
JABIL CIRCUIT	39,000	0.00	0.00	0.00%	52.83	2,060,558.67
JOHNSON CONTROLS	11,000	1.00	11,000.00	1.57%	63.55	699,017.00
LEXMARK INTERNATIONAL GROUP	9,000	0.00	0.00	0.00%	100.52	904,669.20
LILLY ELI	40,000	0.92	36,800.00	1.32%	69.56	2,782,252.00
MICROSOFT CORPORATION	85,000	0.00	0.00	0.00%	101.87	8,658,929.60
MOBIL CORPORATION	11,000	2.28	25,080.00	2.21%	103.16	1,134,812.80
NEWS CORPORATION	8,000	0.07	560.00	0.25%	27.59	220,734.40
NOKIA CORPORATION	22,000	0.37	8,140.00	0.35%	104.61	2,301,387.60
NORTH FORK BANCORPORATION	17,000	0.60	10,200.00	2.81%	21.34	362,781.50
OFFICEMAX INC.	145,000	0.00	0.00	0.00%	11.73	1,700,176.50
PARAMETRIC TECHNOLOGY	25,000	0.00	0.00	0.00%	14.73	368,180.50
PROFFITT'S, INC.	17,500	0.00	0.00	0.00%	32.68	571,849.25
SAFEWAY INC	45,000	0.00	0.00	0.00%	42.95	1,932,558.00
SAKS INCORPORATED	28,500	0.00	0.00	0.00%	30.56	870,889.50

STATE OF ARIZONA  
ELECTED OFFICIALS RETIREMENT PLAN  
INVESTMENTS ACQUIRED  
JULY 1, 1997 THROUGH JUNE 30, 1998

COMMON STOCK ACQUIRED

Page 2 of 2

Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
SBC COMMUNICATIONS INC.	37,000	0.98	36,260.00	1.82%	53.85	1,992,446.60
SCHOLASTIC CORPORATION	7,000	0.00	0.00	0.00%	56.75	397,250.00
SEALED AIR	11,000	0.00	0.00	0.00%	62.60	688,649.50
SOLUTIA INC.	25,000	0.04	1,000.00	0.21%	19.13	478,200.50
STARBUCKS CORP.	7,500	0.00	0.00	0.00%	39.92	299,423.25
STERLING SOFTWARE	5,000	0.00	0.00	0.00%	23.88	119,401.50
TEXACO	42,000	1.80	75,600.00	2.79%	64.45	2,706,991.50
TEXAS UTILITIES	8,000	2.30	18,400.00	4.89%	47.01	376,111.20
TRAVELERS GROUP INC	20,000	2.30	46,000.00	3.80%	60.55	1,210,990.00
TYCO INTERNATIONAL LTD.	23,000	0.10	2,300.00	0.14%	70.67	1,625,429.00
UNIVISION COMMUNICATIONS	20,000	0.00	0.00	0.00%	36.75	734,916.80
WAL-MART STORES	27,000	0.20	5,400.00	0.28%	71.95	1,942,713.60
WARNER-LAMBERT	25,000	0.80	20,000.00	1.05%	76.12	1,902,932.00
WORLD COM INC.	35,000	0.00	0.00	0.00%	52.70	1,844,415.25
XIRCOM, INC.	66,000	0.00	0.00	0.00%	34.47	2,275,185.00
ZEBRA TECHNOLOGIES A	55,000	0.00	0.00	0.00%	28.74	1,580,670.05
<b>TOTAL COMMON STOCK BOUGHT</b>			<b>722,181.92</b>	<b>0.64%</b>		<b>113,011,288.78</b>

STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS ACQUIRED  
JULY 1, 1997 THROUGH JUNE 30, 1998  
OTHER INVESTMENTS ACQUIRED

Name	Coupon	Maturity	Purchase Price	Book Cost
<b>BRIDGE FINANCIAL</b>				
BRIDGE FINANCIAL--15 E. MONROE	12.500	01/05/00	100.00	74,000.00
BRIDGE FINANCIAL--69TH & BELL	12.750	10/07/99	100.00	100,000.00
BRIDGE FINANCIAL--DESERT MIRAGE GC	11.500	09/09/00	100.00	78,000.00
BRIDGE FINANCIAL--GRAND INN	12.500	09/25/00	100.00	100,000.00
BRIDGE FINANCIAL--HAWTHORN SUITES	12.500	05/11/00	100.00	160,000.00
BRIDGE FINANCIAL--MONTESA HOMES	13.000	05/23/00	100.00	40,000.00
BRIDGE FINANCIAL--SAN TAN RANCH	12.000	07/29/99	100.00	193,000.00
BRIDGE FINANCIAL--SCOTTSDALE LINKS	11.500	03/21/01	100.00	77,000.00
BRIDGE FINANCIAL--SHEA MEDICAL PLAZA	12.000	05/28/99	100.00	140,000.00
<b>TOTAL BRIDGE FINANCIAL ACQUIRED</b>				<b>962,000.00</b>
<b>MISCELLANEOUS</b>				
DESERT TROON,LLC	L.L.C.		100.00	760,000.00
PIVOTAL X,LLC	L.L.C.		100.00	1,401,750.00
PIVOTAL X,LLC-SPA AT RED CANYON	L.L.C.		100.00	213,750.00
<b>TOTAL MISCELLANEOUS ACQUIRED</b>				<b>2,375,500.00</b>
<b>TOTAL OTHER INVESTMENTS ACQUIRED</b>				<b>3,337,500.00</b>



**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SALES AND REDEMPTIONS OF INVESTMENTS  
JULY 1, 1998 THROUGH JUNE 30, 1999**

**BONDS SOLD**

<b>Security</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Par Value</b>	<b>Sale Price</b>	<b>Accrued Interest</b>	<b>Principal</b>	<b>Amortized Cost</b>	<b>Gain or (Loss)</b>	<b>Amount Due</b>
<b><i>U.S. TREASURY OBLIGATIONS</i></b>									
U.S. TREASURY NOTE	5.125	12/31/98	2,000,000.00	100.00000	34,538.04	2,000,000.00	2,001,032.00	(1,032.00)	2,034,538.04
<b>TOTAL U.S. TREASURY OBLIGATIONS</b>			<b>2,000,000.00</b>		<b>34,538.04</b>	<b>2,000,000.00</b>	<b>2,001,032.00</b>	<b>(1,032.00)</b>	<b>2,034,538.04</b>
<b><i>CORPORATE BONDS</i></b>									
AUTO BOND RECEIVABLES TRUST	6.400	04/15/99	42,235.10	100.00000	4,613.75	42,235.10	42,235.10	0.00	46,848.85
OHIO BELL TELEPHONE CO.	7.875	10/01/13	500,000.00	101.99000	8,968.75	509,950.00	491,843.00	18,107.00	518,918.75
<b>TOTAL CORPORATE BONDS</b>			<b>542,235.10</b>		<b>13,582.50</b>	<b>552,185.10</b>	<b>534,078.10</b>	<b>18,107.00</b>	<b>565,767.60</b>
<b>TOTAL BONDS SOLD</b>			<b>2,542,235.10</b>		<b>48,120.54</b>	<b>2,552,185.10</b>	<b>2,535,110.10</b>	<b>17,075.00</b>	<b>2,600,305.64</b>

**STATE OF ARIZONA**  
**ELECTED OFFICIALS' RETIREMENT PLAN**  
**SALES AND REDEMPTIONS OF INVESTMENTS**  
**JULY 1, 1998 THROUGH JUNE 30, 1999**  
**COMMON STOCK SOLD**

Page 1 of 2

<b>Company</b>	<b>Shares Sold</b>	<b>Sale Price</b>	<b>Amount</b>	<b>Commission + SEC Fee</b>	<b>Net Amount</b>	<b>Book Cost</b>	<b>Gain (Loss) on Sale</b>	<b>% Gain on Sale</b>
3COM CORPORATION	49,000	23.35	1,144,379.60	38.16	1,144,341.44	1,904,287.70	(759,946.26)	-39.91%
ABBOTT LABORATORIES	8,000	49.06	392,500.00	0.00	392,500.00	90,827.00	301,673.00	332.14%
ADAPTEC, INC.	30,000	13.78	413,323.50	13.79	413,309.71	1,308,167.00	(894,857.29)	-68.41%
ALLSTATE CORPORATION	20,000	42.19	843,838.00	1,028.13	842,809.87	370,053.33	472,756.54	127.75%
AMERICAN EXPRESS	5,000	129.94	649,687.50	0.00	649,687.50	524,430.20	125,257.30	23.88%
AMERICAN HOME PRODUCTS	104,000	53.12	5,524,927.65	5,384.20	5,519,543.45	1,532,616.72	3,986,926.73	260.14%
AMP INC	6,387	44.50	284,221.50	0.00	284,221.50	241,188.38	43,033.12	17.84%
AUTOLIV, INC.	4,400	32.75	144,100.00	224.81	143,875.19	118,754.41	25,120.78	21.15%
AUTO DATA PROCESSING	45,000	50.84	2,287,783.00	2,326.28	2,285,456.72	836,185.62	1,449,271.10	173.32%
BANC ONE	51,205	46.29	2,370,062.14	2,639.26	2,367,422.88	1,048,553.61	1,318,869.27	125.78%
BELL ATLANTIC	36,000	42.01	1,512,504.12	1,850.44	1,510,653.68	1,096,569.00	414,084.68	37.76%
BESTFOODS	30,000	51.26	1,537,858.50	1,551.27	1,536,307.23	768,108.22	768,199.01	100.01%
BOEING CO.	95,000	40.43	3,840,890.50	4,878.05	3,836,012.45	4,506,775.00	(670,762.55)	-14.88%
CORN PRODUCTS INT'L INC.	8,750	32.68	285,912.50	447.04	285,465.46	110,286.43	175,179.03	158.84%
COSTCO COMPANIES, INC.	1,000	81.69	81,687.50	0.00	81,687.50	61,482.25	20,205.25	32.86%
DMND OFFSHR DRILLING	30,000	22.17	665,127.00	1,522.18	663,604.82	1,311,193.50	(647,588.68)	-49.39%
DISNEY CO. (WALT)	90,000	34.28	3,085,051.50	4,602.86	3,080,448.64	1,677,750.00	1,402,698.64	83.61%
ELECTRONIC DATA SYS	38,000	39.85	1,514,242.60	1,950.49	1,512,292.11	1,387,279.68	125,012.43	9.01%
ERICSSON	100,000	25.33	2,533,220.50	84.47	2,533,136.03	2,242,161.50	290,974.53	12.98%
FEDERATED DEPT STORES	30,000	43.88	1,316,373.00	1,543.88	1,314,829.12	1,536,943.50	(222,114.38)	-14.45%
FIRST CHICAGO NBD CORP	36,200	25.68	929,570.00	0.00	929,570.00	929,570.00	0.00	0.00%
GANNETT CO.	10,000	67.56	675,579.00	522.52	675,056.48	267,750.00	407,306.48	152.12%
GENERAL MOTORS CO ,INC	25,000	72.20	1,805,104.50	1,310.18	1,803,794.32	1,527,542.63	276,251.69	18.08%
GEN TEL & ELECTRONICS	5,000	53.83	269,160.00	258.98	268,901.02	153,836.54	115,064.48	74.80%
GLOBAL MARINE	50,000	8.66	433,111.00	2,514.45	430,596.55	1,223,954.00	(793,357.45)	-64.82%
HEWLETT PACKARD	40,000	69.13	2,765,262.00	2,092.18	2,763,169.82	2,002,000.00	761,169.82	38.02%
HOME DEPOT	7,000	63.31	443,187.50	0.00	443,187.50	107,076.70	336,110.80	313.90%
ILLINOIS TOOL WORKS	20,000	64.42	1,288,321.50	1,042.95	1,287,278.55	539,658.70	747,619.85	138.54%
INTERSTATE BAKERIES	40,000	22.50	899,980.20	2,030.02	897,950.18	1,357,616.00	(459,665.82)	-33.86%
INT'L BUSINESS MACHINES	5,000	170.38	851,875.00	0.00	851,875.00	287,280.06	564,594.94	196.53%
JOHNSON & JOHNSON CO	55,000	87.07	4,789,108.59	2,909.68	4,786,198.91	3,420,476.23	1,365,722.68	39.93%
KIMBERLY-CLARK CORP	50,000	43.46	2,173,064.00	2,572.45	2,170,491.55	1,105,318.75	1,065,172.80	96.37%
LILLY ELI	47,500	75.58	3,589,921.05	2,336.47	3,587,584.58	3,255,334.92	332,249.66	10.21%
LOEWEN GROUP	39,000	14.66	571,630.65	1,969.07	569,661.58	1,057,189.90	(487,528.32)	-46.12%
MARSH & MCLENNAN CO	36,000	63.00	2,268,019.00	1,875.62	2,266,143.38	1,041,800.00	1,224,343.38	117.52%

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SALES AND REDEMPTIONS OF INVESTMENTS  
JULY 1, 1998 THROUGH JUNE 30, 1999  
COMMON STOCK SOLD**

Page 2 of 2

<b>Company</b>	<b>Shares Sold</b>	<b>Sale Price</b>	<b>Amount</b>	<b>Commission + SEC Fee</b>	<b>Net Amount</b>	<b>Book Cost</b>	<b>Gain (Loss) on Sale</b>	<b>% Gain on Sale</b>
MBNA CORP	40,000	29.56	1,182,500.00	0.00	1,182,500.00	524,440.89	658,059.11	125.48%
MCDONALDS CORP	93,500	52.34	4,894,213.20	4,838.16	4,889,375.04	1,517,840.50	3,371,534.54	222.13%
MERCK & CO.	39,500	93.95	3,710,905.55	2,098.73	3,708,806.82	766,187.29	2,942,619.53	384.06%
MOBIL CORPORATION	57,000	84.25	4,802,325.60	3,010.10	4,799,315.50	1,446,696.50	3,352,619.00	231.74%
MORTON INTNL CORP	25,000	35.92	897,908.00	1,279.95	896,628.05	584,667.83	311,960.22	53.36%
MOTOROLA, INC.	12,500	53.96	674,495.25	647.49	673,847.76	340,623.78	333,223.98	97.83%
NATIONAL CITY CORP	70,000	70.00	4,899,955.50	3,663.35	4,896,292.15	2,091,555.00	2,804,737.15	134.10%
NORTHROP GRUMMAN	7,000	61.81	432,702.20	364.43	432,337.77	796,011.30	(363,673.53)	-45.69%
OFFICEMAX INC.	30,000	8.64	259,107.00	1,508.64	257,598.36	412,568.10	(154,969.74)	-37.56%
PACIFIC CECTURY FINANCIAL	75,000	21.14	1,585,860.70	3,802.91	1,582,057.79	1,064,000.00	518,057.79	48.69%
PARAMETRIC TECHNOLOGY	70,000	15.05	1,053,551.00	35.14	1,053,515.86	1,785,992.50	(732,476.64)	-41.01%
PEPSICO INC.	75,000	35.87	2,690,402.50	3,839.71	2,686,562.79	1,554,056.61	1,132,506.18	72.87%
PFIZER INC.	10,000	110.06	1,100,625.00	0.00	1,100,625.00	675,500.00	425,125.00	62.93%
PNC BANK CORPORATION	50,000	53.50	2,675,005.44	2,589.19	2,672,416.25	1,089,025.00	1,583,391.25	145.40%
PPG INDUSTRIES, INC.	16,000	54.78	876,413.00	517.51	875,895.49	421,209.33	454,686.16	107.95%
PROCTER & GAMBLE CO.	70,000	87.65	6,135,454.90	2,388.23	6,133,066.67	1,080,430.23	5,052,636.44	467.65%
QUANTUM CORPORATION	40,000	17.52	700,963.00	23.38	700,939.62	1,178,456.00	(477,516.38)	-40.52%
QUORUM HEALTH GROUP	35,800	10.19	364,757.24	12.17	364,745.07	891,564.28	(526,819.21)	-59.09%
RAYTHEON CORPORATION	1,594	56.31	89,762.13	82.70	89,679.43	5,432.87	84,246.56	1550.68%
SARA LEE CORP.	135,000	29.96	4,045,036.15	6,884.89	4,038,151.26	2,372,961.00	1,665,190.26	70.17%
SCHERING-PLOUGH CORP	38,500	94.21	3,627,119.55	1,942.44	3,625,177.11	1,280,171.25	2,345,005.86	183.18%
SCHLUMBERGER	55,000	51.25	2,818,917.50	2,843.97	2,816,073.53	1,650,825.00	1,165,248.53	70.59%
STERLING SOFTWARE	21,000	19.80	415,881.40	1,063.87	414,817.53	386,380.63	28,436.90	7.36%
TECO ENERGY INC.	80,000	27.08	2,166,787.22	4,072.24	2,162,714.98	465,504.82	1,697,210.16	364.60%
UNION PACIFIC CORP	30,000	40.88	1,226,250.00	1,540.88	1,224,709.12	1,290,993.59	(66,284.47)	-5.13%
WALGREEN COMPANY	100,500	43.38	4,359,900.90	3,622.67	4,356,278.23	732,375.74	3,623,902.49	494.81%
WARNER-LAMBERT	17,000	72.25	1,228,324.80	890.95	1,227,433.85	1,174,140.24	53,293.61	4.54%
<b>TOTAL STOCK SOLD</b>	<b>2,542,336</b>		<b>113,095,709.33</b>	<b>105,083.58</b>	<b>112,990,625.75</b>	<b>68,529,627.76</b>	<b>44,460,997.99</b>	<b>64.88%</b>

STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SALES AND REDEMPTIONS OF INVESTMENTS  
JULY 1, 1998 THROUGH JUNE 30, 1999

OTHER INVESTMENTS SOLD

Name	Coupon	Maturity	Sale Price	Book Cost
<b>BRIDGE FINANCIAL</b>				
BRIDGE FINANCIAL--AMBASSADOR INN OF PHX	13.000	03/09/98	100.00	104,000.00
BRIDGE FINANCIAL--BELL LOAN	13.000	01/22/99	100.00	102,800.00
BRIDGE FINANCIAL--CRYSTAL SPRINGS	12.750	08/17/99	100.00	1,450.00
BRIDGE FINANCIAL--GREEN FIELD LAKES	12.750	10/31/99	100.00	70,000.00
BRIDGE FINANCIAL--HOLIDAY INN III	12.625	07/07/98	100.00	314,000.00
BRIDGE FINANCIAL--MONTESA HOMES	13.000	05/23/00	100.00	40,000.00
BRIDGE FINANCIAL--PIONEER INDUST. PARK	15.000	05/24/99	100.00	57,476.53
BRIDGE FINANCIAL--SAN TAN RANCH	12.000	07/29/99	100.00	193,000.00
BRIDGE FINANCIAL--TARGET STORE SITE	12.625	04/01/99	100.00	90,000.00
BRIDGE FINANCIAL--UNITED HOMES	12.500	03/26/99	100.00	103,200.00
BRIDGE FINANCIAL--WHITE PEAK LAND	14.000	06/19/99	100.00	152,000.00
<b>TOTAL BRIDGE FINANCIAL SOLD</b>				<b>1,227,926.53</b>
<b>MISCELLANEOUS</b>				
PEBBLECREEK PROPERTIES L.P.	10.000	02/19/02	100.00	25,740.77
PIVOTAL X,LLC	0.000			35,000.00
<b>TOTAL MISCELLANEOUS SOLD</b>				<b>60,740.77</b>
<b>TOTAL OTHER INVESTMENTS</b>				<b>1,288,667.30</b>

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS OWNED  
JUNE 30, 1999**

Page 1 of 3

**BOND PORTFOLIO**

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
<b>U.S. TREASURY OBLIGATIONS</b>											
5,000,000.00	U.S. TREASURY BOND	14.250	02/15/02	4,999,185.00	99.98370	120.68700	6,034,350.00	1,035,165.00	712,500.00	14.25	11.810
1,000,000.00	U.S. TREASURY BOND	7.500	11/15/16	958,619.00	95.86190	112.70300	1,127,030.00	168,411.00	75,000.00	7.82	6.650
2,000,000.00	U.S. TREASURY BOND	9.125	05/15/18	2,000,000.00	100.00000	131.07800	2,621,560.00	621,560.00	182,500.00	9.13	6.960
1,000,000.00	U.S. TREASURY BOND	9.000	11/15/18	1,000,000.00	100.00000	130.12500	1,301,250.00	301,250.00	90,000.00	9.00	6.920
1,000,000.00	U.S. TREASURY BOND	8.000	11/15/21	1,000,000.00	100.00000	120.57800	1,205,780.00	205,780.00	80,000.00	8.00	6.630
2,000,000.00	U.S. TREASURY NOTE	6.375	07/15/99	2,000,018.00	100.00090	100.09400	2,001,880.00	1,862.00	127,500.00	6.37	6.370
1,000,000.00	U.S. TREASURY NOTE	6.000	10/15/99	1,001,295.00	100.12950	100.29700	1,002,970.00	1,675.00	60,000.00	5.99	5.980
2,000,000.00	U.S. TREASURY NOTE	5.500	04/15/00	2,001,336.00	100.06680	100.17200	2,003,440.00	2,104.00	110,000.00	5.50	5.490
1,000,000.00	U.S. TREASURY NOTE	7.500	11/15/01	1,037,805.00	103.78050	104.17200	1,041,720.00	3,915.00	75,000.00	7.23	7.200
<b>16,000,000.00</b>	<b>TOTAL U.S. TREASURY OBLIGATIONS</b>			<b>15,998,258.00</b>	<b>99.98911</b>		<b>18,339,980.00</b>	<b>2,341,722.00</b>	<b>1,512,500.00</b>	<b>9.5%</b>	<b>8.2%</b>
<b>FEDERAL AGENCY OBLIGATIONS</b>											
19,285.72	GNMA POOL # 7766	8.500	02/15/06	14,308.67	74.19308	103.70200	19,999.68	5,691.01	1,639.29	11.46	8.200
54,453.46	GNMA POOL #143093	9.000	06/15/16	52,802.81	0.97000	106.42800	57,953.73	5,150.92	4,900.81	9.28	8.460
26,972.67	GNMA POOL #148408	9.000	05/15/16	25,910.62	0.96000	106.49900	28,725.62	2,815.00	2,427.54	9.37	8.450
317,715.86	GNMA POOL #157733	9.000	05/15/16	294,482.88	0.93000	106.49900	338,364.21	43,881.33	28,594.43	9.71	8.450
704,055.10	GNMA POOL #158992	9.000	06/15/16	700,314.76	0.99000	106.49900	749,811.64	49,496.88	63,364.96	9.05	8.450
206,501.27	GNMA POOL #163336	9.000	07/15/16	200,241.74	0.97000	106.49900	219,921.79	19,680.05	18,585.11	9.28	8.450
173,128.05	GNMA POOL #165863	9.000	08/15/16	165,526.63	0.96000	106.87400	185,028.87	19,502.24	15,581.52	9.41	8.420
156,284.09	GNMA POOL #168530	9.000	08/15/16	152,718.66	0.98000	106.49900	166,440.99	13,722.33	14,065.57	9.21	8.450
130,867.80	GNMA POOL #181945	9.000	04/15/20	125,019.63	0.96000	106.59300	139,495.91	14,476.28	11,778.10	9.42	8.440
118,034.83	GNMA POOL #182127	9.000	11/15/16	115,232.17	0.98000	106.49900	125,705.91	10,473.74	10,623.13	9.22	8.450
240,927.09	GNMA POOL #207671	9.000	07/15/18	227,977.27	0.95000	106.74900	257,187.26	29,209.99	21,683.44	9.51	8.430
86,228.55	GNMA POOL #208705	9.000	05/15/20	80,839.30	0.94000	106.59300	91,913.60	11,074.30	7,760.57	9.60	8.440
67,287.04	GNMA POOL #227210	9.000	09/15/17	63,859.58	0.95000	106.81200	71,870.63	8,011.05	6,055.83	9.48	8.430
133,435.87	GNMA POOL #229798	9.000	10/15/17	130,266.77	0.98000	106.81200	142,525.52	12,258.75	12,009.23	9.22	8.430
112,421.87	GNMA POOL #230557	9.000	04/15/18	107,485.84	0.96000	106.74900	120,009.22	12,523.38	10,117.97	9.41	8.430
38,333.15	GNMA POOL #234695	10.000	12/15/17	38,165.45	1.00000	106.71300	40,906.45	2,741.00	3,833.32	10.04	9.370
420,920.18	GNMA POOL #235280	9.000	04/15/18	396,454.22	0.94000	106.74900	449,328.08	52,873.86	37,882.82	9.56	8.430
89,267.67	GNMA POOL #247096	9.000	05/15/18	84,357.96	0.95000	106.74900	95,292.35	10,934.39	8,034.09	9.52	8.430
79,687.24	GNMA POOL #247310	9.000	04/15/18	76,549.51	0.96000	106.74900	85,065.33	8,515.82	7,171.85	9.37	8.430
137,020.44	GNMA POOL #250933	9.000	06/15/18	133,166.78	0.97000	106.74900	146,267.95	13,101.17	12,331.84	9.26	8.430
52,090.46	GNMA POOL #251643	9.000	04/15/18	50,625.42	0.97000	106.74900	55,606.05	4,980.63	4,688.14	9.26	8.430

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS OWNED  
JUNE 30, 1999**

Page 2 of 3

**BOND PORTFOLIO**

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
95,535.18	GNMA POOL #252138	9.000	10/15/18	91,340.59	0.96000	106.74900	101,982.85	10,642.26	8,598.17	9.41	8.430
82,595.20	GNMA POOL #252306	9.000	04/15/18	76,297.33	0.92000	106.74900	88,169.55	11,872.22	7,433.57	9.74	8.430
129,698.77	GNMA POOL #252538	9.000	05/15/18	126,050.99	0.97000	106.74900	138,452.14	12,401.15	11,672.89	9.26	8.430
68,619.03	GNMA POOL #255161	9.000	03/15/19	63,129.46	0.92000	106.68700	73,207.58	10,078.12	6,175.71	9.78	8.440
91,299.78	GNMA POOL #262845	9.000	03/15/20	87,105.67	0.95000	106.59300	97,319.17	10,213.50	8,216.98	9.43	8.440
92,733.71	GNMA POOL #305689	9.000	04/15/21	92,733.71	1.00000	106.49900	98,760.47	6,026.76	8,346.03	9.00	8.450
1,086,246.16	GNMA POOL #377589	7.500	08/15/25	1,083,191.08	1.00000	100.96800	1,096,761.02	13,569.94	81,468.46	7.52	7.430
699,212.07	GNMA POOL #390014	7.000	06/15/24	656,276.08	0.94000	98.96900	692,003.19	35,727.11	48,944.84	7.46	7.070
2,862,805.99	GNMA POOL #391992	7.000	03/15/24	2,678,512.88	0.94000	98.96900	2,833,290.46	154,777.58	200,396.42	7.48	7.070
913,992.02	GNMA POOL #398831	8.000	08/15/26	912,563.90	1.00000	102.84300	939,976.81	27,412.91	73,119.36	8.01	7.780
523,683.94	GNMA POOL #403979	8.500	10/15/24	514,764.95	0.98000	104.78100	548,721.27	33,956.32	44,513.13	8.65	8.110
586,234.97	GNMA POOL #406811	7.500	01/15/26	585,502.19	1.00000	100.93700	591,727.99	6,225.80	43,967.62	7.51	7.430
1,385,413.65	GNMA POOL #427558	7.500	04/15/26	1,381,300.72	1.00000	100.93700	1,398,394.98	17,094.26	103,906.02	7.52	7.430
943,549.07	GNMA POOL #432701	8.000	06/15/26	943,549.07	1.00000	102.84300	970,374.17	26,825.10	75,483.93	8.00	7.780
384,006.14	GNMA POOL #439645	8.000	09/15/26	383,766.16	1.00000	102.84300	394,923.43	11,157.27	30,720.49	8.01	7.780
2,000,000.00	GNMA POOL #472997	7.000	06/15/29	1,989,375.00	0.99000	100.00000	2,000,000.00	10,625.00	140,000.00	7.04	7.000
2,999,700.00	GNMA POOL #510958	7.000	05/15/29	2,978,139.66	0.99000	100.00000	2,999,700.00	21,560.34	209,979.00	7.05	7.000
2,187,150.11	GNMA POOL #780220	7.500	08/15/25	2,186,466.62	1.00000	101.06200	2,210,377.64	23,911.02	164,036.26	7.50	7.420
<b>20,497,394.20</b>	<b>TOTAL FEDERAL AGENCY OBLIGATIONS</b>			<b>20,066,372.73</b>	<b>97.89719</b>		<b>20,861,563.51</b>	<b>795,190.78</b>	<b>1,570,108.44</b>	<b>7.8%</b>	<b>7.5%</b>
<b>CORPORATE BONDS</b>											
1,000,000.00	AGL CAPITAL TRUST	8.170	06/01/37	1,019,225.00	101.92250	107.27700	1,072,770.00	53,545.00	81,700.00	8.02	7.620
1,500,000.00	AMERICAN UNITED LIFE INS CO	7.750	03/30/26	1,414,311.00	94.28740	98.80900	1,482,135.00	67,824.00	116,250.00	8.22	7.840
2,750,000.00	ANTHEM INSURANCE COMPANY INC	9.000	04/01/27	2,926,213.00	106.40775	99.41400	2,733,885.00	(192,328.00)	247,500.00	8.46	9.050
58,257.49	AUTO BOND RECEIVABLE TRUST	6.400	04/15/99	58,257.49	100.00000	100.01200	58,264.48	6.99	3,728.48	6.40	6.400
1,000,000.00	BANKERS TRUST CORP 144A	8.090	12/01/26	1,000,000.00	100.00000	98.88400	988,840.00	(11,160.00)	80,900.00	8.09	8.180
1,000,000.00	FARMERS INSURANCE EXCHANGE	8.625	05/01/24	918,882.00	91.88820	108.57700	1,085,770.00	166,888.00	86,250.00	9.39	7.940
1,000,000.00	FIRST HAWAIIAN CAPITAL TRUST	8.343	07/01/27	1,059,245.00	105.92450	97.34400	973,440.00	(85,805.00)	83,430.00	7.88	8.570
1,000,000.00	FORD MOTOR COMPANY	9.500	09/15/11	999,499.00	99.94990	118.49000	1,184,900.00	185,401.00	95,000.00	9.50	8.020
1,000,000.00	FUND AMERICA ENTERPRISE	7.750	02/01/03	1,005,434.00	100.54340	102.09100	1,020,910.00	15,476.00	77,500.00	7.71	7.590
1,000,000.00	GENERAL AMERICAN LIFE INS	7.625	01/15/24	879,446.00	87.94460	96.11900	961,190.00	81,744.00	76,250.00	8.67	7.930
1,000,000.00	ICI WILMINGTON INC.	8.750	05/01/01	1,016,778.00	101.67780	104.01500	1,040,150.00	23,372.00	87,500.00	8.61	8.410
2,000,000.00	J HANCOCK MUTUAL LIFE INS CO	7.375	02/15/24	1,871,371.00	93.56855	101.09300	2,021,860.00	150,489.00	147,500.00	7.88	7.300
1,000,000.00	JPM CAPITAL TRUST II	7.950	02/01/27	1,045,601.00	104.56010	99.57100	995,710.00	(49,891.00)	79,500.00	7.60	7.980

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS OWNED  
JUNE 30, 1999**

Page 3 of 3

**BOND PORTFOLIO**

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
1,000,000.00	LEHMAN BROS HOLDINGS, INC.	8.750	05/15/02	1,018,577.00	101.85770	104.75600	1,047,560.00	28,983.00	87,500.00	8.59	8.350
1,000,000.00	LEHMAN BROTHERS HOLDINGS INC	8.500	05/01/07	1,045,915.00	104.59150	107.33400	1,073,340.00	27,425.00	85,000.00	8.13	7.920
1,000,000.00	LEHMAN BROTHERS HOLDINGS INC	8.800	03/01/15	1,116,024.35	111.60244	107.20000	1,072,000.00	(44,024.35)	88,000.00	7.89	8.210
3,000,000.00	LUMBERMANS MUTUAL CASUALTY CO	9.150	07/01/26	3,464,253.00	115.47510	108.41800	3,252,540.00	(211,713.00)	274,500.00	7.92	8.440
1,000,000.00	MERRILL LYNCH & COMPANY	8.000	06/01/07	1,000,000.00	100.00000	106.82500	1,068,250.00	68,250.00	80,000.00	8.00	7.490
2,000,000.00	NATIONWIDE MUTUAL INS CO	7.500	02/15/24	1,890,484.00	94.52420	95.31000	1,906,200.00	15,716.00	150,000.00	7.93	7.870
1,000,000.00	OHIO NATIONAL LIFE INSURANCE	8.500	05/15/26	997,958.00	99.79580	106.80100	1,068,010.00	70,052.00	85,000.00	8.52	7.960
1,000,000.00	PACIFIC GAS & ELECTRIC CO.	7.250	03/01/26	965,813.00	96.58130	94.56000	945,600.00	(20,213.00)	72,500.00	7.51	7.670
1,000,000.00	PAINE WEBBER GROUP INC.	7.000	03/01/00	999,738.00	99.97380	100.50700	1,005,070.00	5,332.00	70,000.00	7.00	6.960
1,000,000.00	PMI CAPITAL	8.309	02/01/27	1,032,311.00	103.23110	97.10000	971,000.00	(61,311.00)	83,090.00	8.05	8.560
1,000,000.00	POTOMAC CAPITAL INV CORP	7.100	03/09/00	1,000,000.00	100.00000	101.12600	1,011,260.00	11,260.00	71,000.00	7.10	7.020
1,000,000.00	PRINCIPAL MUTUAL LIFE INS CO	7.875	03/01/24	950,892.00	95.08920	105.10900	1,051,090.00	100,198.00	78,750.00	8.28	7.490
1,000,000.00	PRUDENTIAL INSUR CO OF AMERICA	8.300	07/01/25	979,236.00	97.92360	110.58000	1,105,800.00	126,564.00	83,000.00	8.48	7.510
1,500,000.00	SAFECO CAPITAL TRUST	8.072	07/15/37	1,510,018.00	100.66787	94.86100	1,422,915.00	(87,103.00)	121,080.00	8.02	8.510
1,000,000.00	SEARS ROEBUCK & CO.	9.375	11/01/11	1,000,000.00	100.00000	114.02200	1,140,220.00	140,220.00	93,750.00	9.38	8.220
1,000,000.00	SECURITY MUTUAL LIFE NEW YORK	9.375	12/15/16	1,119,394.00	111.93940	108.26000	1,082,600.00	(36,794.00)	93,750.00	8.38	8.660
1,000,000.00	SECURITY NATIONAL MORTGAGE LOAN	7.870	08/25/30	1,000,000.00	100.00000	101.23800	1,012,380.00	12,380.00	78,700.00	7.87	7.770
1,000,000.00	SECURITY NAT'L MORTGAGE 99-1	8.353	09/25/30	1,000,000.00	100.00000	98.70100	987,010.00	(12,990.00)	83,530.00	8.35	8.460
1,000,000.00	SOUTHERN COMPANY CAPITAL TRUST	8.190	02/01/37	1,080,238.00	108.02380	100.71700	1,007,170.00	(73,068.00)	81,900.00	7.58	8.130
1,000,000.00	UNION CENTRAL LIFE	8.200	11/01/26	1,012,302.00	101.23020	101.80600	1,018,060.00	5,758.00	82,000.00	8.10	8.050
1,000,000.00	USF&G CAPITAL II, SERIES B	8.470	01/10/27	1,106,155.00	110.61550	98.80000	988,000.00	(118,155.00)	84,700.00	7.66	8.570
<b>39,808,257.49</b>	<b>TOTAL CORPORATE BONDS</b>			<b>40,503,570.84</b>	<b>101.74666</b>		<b>40,855,899.48</b>	<b>352,328.64</b>	<b>3,290,758.48</b>	<b>8.1%</b>	<b>8.1%</b>
<b>76,305,651.69</b>	<b>BOND PORTFOLIO TOTALS</b>			<b>76,568,201.57</b>	<b>100.34408</b>		<b>80,057,442.99</b>	<b>3,489,241.42</b>	<b>6,373,366.92</b>	<b>8.3%</b>	<b>8.0%</b>

STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS OWNED  
JUNE 30, 1999  
CORPORATE NOTES

<b>Date Acquired</b>	<b>Description</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Cost</b>	<b>Amount of Interest</b>	<b>Maturity Value</b>
06/25/99	UBS FINANCIAL(DELAWARE)	5.200	07/02/99	998,988.89	1,011.11	1,000,000.00
06/28/99	ATLANTIS ONE FUNDING	5.320	07/06/99	998,817.78	1,182.22	1,000,000.00
<b>TOTALS</b>				<b>1,997,806.67</b>	<b>2,193.33</b>	<b>2,000,000.00</b>



**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS OWNED**

**JUNE 30, 1999**

Page 1 of 3

**COMMON STOCK PORTFOLIO**

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
112,000	ABBOTT LABORATORIES	0.68	11.3534	1,271,578.00	45.3750	5,082,000.00	76,160.00	3,810,422.00
30,000	AIRBORNE FREIGHT CORP	0.16	33.4677	1,004,031.00	27.6875	830,625.00	4,800.00	(173,406.00)
9,000	ALASKA AIR GROUP	0.00	37.2946	335,651.40	41.7500	375,750.00	0.00	40,099.00
70,000	ALLSTATE CORPORATION	0.60	18.5027	1,295,186.67	35.8750	2,511,250.00	42,000.00	1,216,063.00
11,000	ALLTELL CORPORATION	1.22	65.8221	724,043.10	71.5000	786,500.00	13,420.00	62,457.00
40,000	AMERICA ONLINE	0.00	71.1966	2,847,864.80	110.0000	4,400,000.00	0.00	1,552,135.00
45,000	AMERICAN EXPRESS	0.92	104.8860	4,719,871.80	130.1250	5,855,625.00	41,400.00	1,135,753.00
50,625	AMERICAN INT'L GROUP	0.24	26.1613	1,324,417.50	117.2500	5,935,781.25	12,150.00	4,611,364.00
50,000	AMGEN	0.00	71.3453	3,567,263.00	60.8750	3,043,750.00	0.00	(523,513.00)
60,000	APPLIED MATERIALS	0.00	35.0450	2,102,700.00	73.8750	4,432,500.00	0.00	2,329,800.00
96,000	AT&T CORP	0.88	40.0044	3,840,425.00	55.8125	5,358,000.00	84,480.00	1,517,575.00
85,000	AUTOMATIC DATA PROCESSING	0.31	15.2034	1,292,286.88	44.0000	3,740,000.00	26,350.00	2,447,713.00
15,000	BANK OF AMERICA CORPORATION	1.80	68.3651	1,025,476.50	73.3125	1,099,687.50	27,000.00	74,211.00
15,000	BANK OF NEW YORK	0.56	38.5325	577,987.50	36.6875	550,312.50	8,400.00	(27,675.00)
80,644	BANK ONE CORPORATION	1.68	17.1132	1,380,076.39	59.5625	4,803,358.25	135,482.00	3,423,282.00
50,000	BESTFOODS	0.98	25.6036	1,280,180.35	49.5000	2,475,000.00	49,000.00	1,194,820.00
76,000	BIOGEN INC	0.00	47.3798	3,600,865.00	64.3125	4,887,750.00	0.00	1,286,885.00
76,000	BRISTOL-MYERS SQUIBB CO.	0.88	55.0266	4,182,019.00	70.4375	5,353,250.00	66,880.00	1,171,231.00
90,000	CABLEVISION SYSTEMS CORP	0.00	52.8729	4,758,562.70	70.0000	6,300,000.00	0.00	1,541,437.00
135,000	CISCO SYSTEMS	0.00	17.3431	2,341,312.00	64.4375	8,699,062.50	0.00	6,357,751.00
30,000	CITIGROUP, INC.	0.56	40.3663	1,210,990.00	47.5000	1,425,000.00	16,800.00	214,010.00
8,000	CMS ENERGY	1.32	48.5500	388,400.00	41.8750	335,000.00	10,560.00	(53,400.00)
15,000	COCA-COLA CO	0.64	78.2375	1,173,562.50	62.0000	930,000.00	9,600.00	(243,563.00)
190,000	COMCAST CORP.	0.00	32.4440	6,164,352.40	38.4375	7,303,125.00	0.00	1,138,773.00
102,000	COMPUWARE CORPORATION	0.00	34.9829	3,568,259.30	31.8125	3,244,875.00	0.00	(323,384.00)
43,000	CONTINENTAL AIRLINES	0.00	52.8285	2,271,625.30	37.6250	1,617,875.00	0.00	(653,750.00)
77,000	COSTCO COMPANIES, INC.	0.00	68.4431	5,270,121.65	80.0625	6,164,812.50	0.00	894,691.00
110,000	CVS CORP	0.24	43.8580	4,824,375.00	50.7500	5,582,500.00	26,400.00	758,125.00
40,000	DANA CORP	1.24	42.4872	1,699,487.00	46.0625	1,842,500.00	49,600.00	143,013.00
49,000	DAYTON HUDSON	0.40	57.4906	2,817,041.60	65.0000	3,185,000.00	19,600.00	367,958.00
6,000	DUKE ENERGY	2.20	60.0500	360,300.00	54.4375	326,625.00	13,200.00	(33,675.00)
37,000	ELECTRONIC DATA SYSTEMS	0.60	36.5074	1,350,772.32	56.6250	2,095,125.00	22,200.00	744,353.00
110,000	EMC CORP	0.00	23.0802	2,538,823.70	55.0000	6,050,000.00	0.00	3,511,176.00
50,000	EMERSON ELECTRIC	1.30	19.6862	984,308.33	62.9375	3,146,875.00	65,000.00	2,162,567.00

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS OWNED**

**JUNE 30, 1999**

Page 2 of 3

**COMMON STOCK PORTFOLIO**

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
40,000	ENRON CORPORATION	1.00	36.1488	1,445,951.00	81.7500	3,270,000.00	40,000.00	1,824,049.00
33,000	EXPRESS SCRIPTS	0.00	30.4946	1,006,321.56	60.1875	1,986,187.50	0.00	979,866.00
15,000	FIRST DATA CORP	0.08	33.0336	495,504.00	48.9375	734,062.50	1,200.00	238,559.00
25,000	FIRST UNION CORP	1.88	51.9378	1,298,444.50	47.1250	1,178,125.00	47,000.00	(120,320.00)
25,000	FOX ENTERTAINMENT GRP, INC. A	0.00	27.1325	678,312.00	26.9375	673,437.50	0.00	(4,875.00)
35,000	FPL GROUP, INC.	2.08	45.5500	1,594,250.00	54.6250	1,911,875.00	72,800.00	317,625.00
23,000	FURNITURE BRANDS INTERNATIONAL	0.00	26.1001	600,302.70	27.8750	641,125.00	0.00	40,822.00
131,500	GENERAL NUTRITION COMPANIES	0.00	18.8784	2,482,512.15	23.3125	3,065,593.75	0.00	583,082.00
25,000	GENERAL TEL & ELECTRONICS	1.88	30.7673	769,182.69	75.5000	1,887,500.00	47,000.00	1,118,317.00
113,000	HOME DEPOT	0.12	15.2967	1,728,523.80	64.4375	7,281,437.50	13,560.00	5,552,914.00
40,000	ILLINOIS TOOL WORKS	0.60	26.9829	1,079,317.40	81.7500	3,270,000.00	24,000.00	2,190,683.00
66,000	IMS HEALTH, INC.	0.08	34.8303	2,298,798.90	31.2500	2,062,500.00	5,280.00	(236,299.00)
118,000	INTEL CORPORATION	0.12	43.3299	5,112,931.00	59.5000	7,021,000.00	14,160.00	1,908,069.00
70,000	INT'L BUSINESS MACHINES	0.48	28.7280	2,010,960.44	129.2500	9,047,500.00	33,600.00	7,036,540.00
45,000	JABIL CIRCUIT	0.00	45.7902	2,060,558.67	45.1250	2,030,625.00	0.00	(29,934.00)
11,000	JOHNSON CONTROLS	1.00	63.5470	699,017.00	69.3125	762,437.50	11,000.00	63,421.00
30,000	KIMBERLY-CLARK CORPORATION	1.04	22.1064	663,191.25	57.0000	1,710,000.00	31,200.00	1,046,809.00
18,000	LEXMARK INTERNATIONAL GROUP	0.00	50.2594	904,669.20	65.5000	1,179,000.00	0.00	274,331.00
12,500	LILLY ELI	0.92	68.5334	856,667.08	71.6250	895,312.50	11,500.00	38,645.00
17,000	LUCENT TECHNOLOGIES INC.	0.08	11.5072	195,622.04	67.4375	1,146,437.50	1,360.00	950,815.00
108,750	MBNA CORP	0.28	8.7407	950,549.11	30.6250	3,330,468.75	30,450.00	2,379,920.00
65,000	MCI WORLDCOM INC.	0.00	48.7656	3,169,765.75	86.0625	5,594,062.50	0.00	2,424,297.00
56,000	MERCK & CO.	1.08	16.3019	912,904.00	73.6250	4,123,000.00	60,480.00	3,210,096.00
110,000	MICROSOFT CORPORATION	0.00	78.7175	8,658,929.60	90.1875	9,920,625.00	0.00	1,261,695.00
28,000	MOBIL CORPORATION	2.28	55.9387	1,566,283.69	98.7500	2,765,000.00	63,840.00	1,198,716.00
98,000	NEWS CORPORATION	0.07	21.6933	2,125,945.40	35.3125	3,460,625.00	6,860.00	1,334,680.00
32,000	NOKIA CORPORATION	0.37	71.9184	2,301,387.60	91.5625	2,930,000.00	11,840.00	628,612.00
45,000	NORTEL NETWORKS CORP	0.30	63.0351	2,836,581.00	86.8125	3,906,562.50	13,500.00	1,069,982.00
17,000	NORTH FORK BANCORPORATION	0.60	21.3401	362,781.50	21.3750	363,375.00	10,200.00	594.00
220,000	OFFICEMAX INC.	0.00	13.7523	3,025,499.40	12.0000	2,640,000.00	0.00	(385,499.00)
30,000	PFIZER INC.	0.88	67.5500	2,026,500.00	109.0000	3,270,000.00	26,400.00	1,243,500.00
25,000	PITNEY BOWES, INC.	1.02	19.8415	496,037.50	64.2500	1,606,250.00	25,500.00	1,110,213.00
34,000	PPG INDUSTRIES, INC.	1.52	26.3256	895,069.84	59.0625	2,008,125.00	51,680.00	1,113,055.00
120,000	SAFEWAY INC	0.00	32.1511	3,858,130.50	49.5000	5,940,000.00	0.00	2,081,870.00

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS OWNED**

**JUNE 30, 1999**

Page 3 of 3

**COMMON STOCK PORTFOLIO**

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
91,000	SAKS INCORPORATED	0.00	34.6328	3,151,583.75	28.8750	2,627,625.00	0.00	(523,959.00)
37,000	SBC COMMUNICATIONS INC.	0.98	53.8499	1,992,446.60	58.0000	2,146,000.00	36,260.00	153,553.00
100,000	SCHERING-PLOUGH CORP	0.52	17.0690	1,706,895.00	52.5000	5,250,000.00	52,000.00	3,543,105.00
32,000	SCHOLASTIC CORPORATION	0.00	43.0391	1,377,250.50	50.6250	1,620,000.00	0.00	242,750.00
11,000	SEALED AIR	0.00	62.6045	688,649.50	64.8750	713,625.00	0.00	24,976.00
25,000	SOLUTIA INC.	0.04	19.1280	478,200.50	21.3125	532,812.50	1,000.00	54,612.00
35,000	STARBUCKS CORP.	0.00	18.2993	640,475.25	37.5625	1,314,687.50	0.00	674,212.00
50,000	STERLING SOFTWARE	0.00	18.3991	919,953.87	26.4375	1,321,875.00	0.00	401,921.00
42,000	TEXACO	1.80	64.4522	2,706,991.50	62.3750	2,619,750.00	75,600.00	(87,242.00)
8,000	TEXAS UTILITIES	2.30	47.0139	376,111.20	41.4375	331,500.00	18,400.00	(44,611.00)
55,740	TYCO INTERNATIONAL LTD.	0.10	58.7076	3,272,360.12	94.7500	5,281,365.00	5,574.00	2,009,005.00
20,000	UNIVISION COMMUNICATIONS	0.00	36.7458	734,916.80	65.0000	1,300,000.00	0.00	565,083.00
40,000	VODAFONE AIRTOUCH PLC	1.04	103.8820	4,155,278.60	197.0000	7,880,000.00	41,600.00	3,724,721.00
117,000	WALGREEN COMPANY	0.13	4.4931	525,693.01	29.3750	3,436,875.00	15,210.00	2,911,182.00
39,000	WAL-MART STORES	0.20	49.8132	1,942,713.60	48.2500	1,881,750.00	7,800.00	(60,964.00)
38,000	WARNER-LAMBERT	0.80	69.0671	2,624,548.76	69.1250	2,626,750.00	30,400.00	2,201.00
66,000	XIRCOM, INC.	0.00	34.4725	2,275,185.00	30.0625	1,984,125.00	0.00	(291,060.00)
55,000	ZEBRA TECHNOLOGIES A	0.00	28.7395	1,580,670.05	38.4375	2,114,062.50	0.00	533,392.00
<b>TOTALS</b>				<b>170,411,543.57</b>		<b>268,364,567.00</b>	<b>1,758,736.00</b>	<b>97,953,025.00</b>

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
INVESTMENTS OWNED  
JUNE 30, 1999**

**OTHER INVESTMENTS PORTFOLIO**

<b>Security</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Book Cost</b>	<b>Current Value</b>	<b>Gain or Loss</b>	<b>Annual Income</b>	<b>Book Yield</b>
<b>BRIDGE FINANCIAL LOANS</b>							
BRIDGE FINANCIAL--15 E. MONROE	12.500	01/05/00	74,000.00	74,000.00	0.00	9,250.00	12.5%
BRIDGE FINANCIAL--69TH & BELL	12.750	10/07/99	100,000.00	100,000.00	0.00	12,750.00	12.8%
BRIDGE FINANCIAL--BEAVER CREEK G.C.	13.000	08/04/99	42,000.00	42,000.00	0.00	5,460.00	13.0%
BRIDGE FINANCIAL--CRYSTAL SPRINGS	12.750	08/17/99	65,350.00	65,350.00	0.00	8,332.13	12.8%
BRIDGE FINANCIAL--DESERT MIRAGE GC	11.500	09/09/00	78,000.00	78,000.00	0.00	8,970.00	11.5%
BRIDGE FINANCIAL--GRAND INN	12.500	09/25/00	100,000.00	100,000.00	0.00	12,500.00	12.5%
BRIDGE FINANCIAL--HAWTHORN SUITES	12.500	05/08/00	160,000.00	160,000.00	0.00	20,000.00	12.5%
BRIDGE FINANCIAL--HILTON HOTEL LAND	13.000	10/20/99	54,800.00	54,800.00	0.00	7,124.00	13.0%
BRIDGE FINANCIAL--LAKE PLEASANT	14.000	10/26/99	500,000.00	500,000.00	0.00	70,000.00	14.0%
BRIDGE FINANCIAL--PECOS & COOPER	12.875	10/05/99	64,000.00	64,000.00	0.00	8,240.00	12.9%
BRIDGE FINANCIAL--PIONEER INDUST. PARK	15.000	05/24/99	74,523.47	74,523.47	0.00	11,178.52	15.0%
BRIDGE FINANCIAL--SCOTTSDALE LINKS	11.500	03/21/01	77,000.00	77,000.00	0.00	8,855.00	11.5%
BRIDGE FINANCIAL--SHEA MEDICAL PLAZA	12.000	12/01/99	200,000.00	200,000.00	0.00	24,000.00	12.0%
BRIDGE FINANCIAL--STETSON HILLS	14.000	10/16/99	106,800.00	106,800.00	0.00	14,952.00	14.0%
BRIDGE FINANCIAL--SUNVALLEY II	13.125	09/17/99	114,200.00	114,200.00	0.00	14,988.75	13.1%
<b>TOTAL BRIDGE FINANCIAL LOANS</b>			<b>1,810,673.47</b>	<b>1,810,673.47</b>	<b>0.00</b>	<b>236,600.40</b>	<b>13.1%</b>
<b>MISCELLANEOUS</b>							
PEBBLECREEK PROPERTIES L.P.	10.000	02/19/02	663,059.10	663,059.10	0.00	66,305.91	10.0%
<b>TOTAL MISCELLANEOUS</b>			<b>663,059.10</b>	<b>663,059.10</b>	<b>0.00</b>	<b>66,305.91</b>	<b>10.0%</b>
<b>TOTAL BEFORE L.L.C.</b>			<b>2,473,732.57</b>	<b>2,473,732.57</b>	<b>0.00</b>	<b>302,906.31</b>	<b>12.2%</b>
<b>L.L.C.</b>							
DESERT TROON,LLC			760,000.00	760,000.00	0.00	0.00	0.0%
PIVOTAL X,LLC			1,930,500.00	1,930,500.00	0.00	0.00	0.0%
<b>TOTAL L.L.C.</b>			<b>2,690,500.00</b>	<b>2,690,500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>TOTAL OTHER INVESTMENTS</b>			<b>5,164,232.57</b>	<b>5,164,232.57</b>	<b>0.00</b>	<b>302,906.31</b>	<b>5.9%</b>



# **ACTUARIAL SECTION**

**ELECTED OFFICIALS' RETIREMENT PLAN  
EIGHTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1999**

Actuarial Certification Statement

Actuarial Balance Sheet – All Employers

Summary of Valuation Methods and Assumptions

Solvency Test

Summary of Active Member Data

Summary of Inactive Member Data

Schedule of Retirants and Beneficiaries

Schedule of Experience Gain / (Loss)





**GABRIEL, ROEDER, SMITH & COMPANY**  
**Consultants & Actuaries**

1000 Town Center • Suite 1000 • Southfield, Michigan 48075 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

August 27, 1999

The Fund Manager  
Arizona Elected Officials  
Retirement System  
1020 East Missouri  
Phoenix, Arizona 85014

Attention: Jack Cross, Administrator

We hereby certify that the June 30, 1999 annual actuarial valuation of the Elected Officials' Retirement Plan, determining the June 30, 1999 actuarial assets and liabilities and the relationship between actuarial and statutory contribution rates, was made in accordance with generally recognized actuarial methods. Actuarial assets are computed on a smoothed market basis which spreads differences between actual and assumed investment return over a four year period.

The funding objective of the Retirement Plan is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens.

The data, submitted by the Administrator, was checked for completeness and year to year consistency but was not otherwise audited. The data was used by the actuary to generate all of the schedules in the actuarial section of the CAFR, and the Schedule of Funding Progress in the Financial Section.

It is our opinion that the actuarial information contained in the valuation report is complete and accurate, being based on risk experience assumptions which are in the aggregate related to the experience of the Plan and are our best estimate of an anticipated future experience. A complete experience analysis is performed every 5 years, most recently for the 5-year period ending June 30, 1998. The assumptions and methods conform to the parameters established in Governmental Accounting Standards Board Statement 25. Actuarial gains (losses) are amortized as level percents of payroll over an open 20 year period.

Respectfully submitted,

Sandra W. Rodwan/sig

Sandra W. Rodwan  
Member, American Academy of Actuaries

SWR:md  
Enclosure



**Elected Officials' Retirement Plan**  
**Actuarial Balance Sheet as of June 30, 1999**

**ACTUARIAL ASSETS**

Accrued assets (accounting value)		
Member accumulated contributions	\$ 21,505,771	
Employer and benefit payment reserves	236,544,025	
Funding Value Adjustment	<u>65,769,105</u>	
Total accrued assets*		\$323,818,901
Prospective assets (computed value)		
Member contributions	15,101,198	
Employer normal costs	33,392,278	
Employer unfunded actuarial accrued liability	<u>(56,236,792)</u>	
Total prospective assets		<u>(7,743,316)</u>
Total Actuarial Assets		<u>\$316,075,585</u>

\* Includes \$40,481,995 reserve for payment of ad hoc pension increases. The net funding value of accrued assets is \$283,336,906.

**ACTUARIAL PRESENT VALUES (LIABILITY)**

Pensions in payment status		
Retired elected officials	\$84,012,536	
Disabilities	6,059,233	
Beneficiaries	17,081,614	
Health insurance	<u>2,428,440</u>	
Total benefit values		\$ 109,581,823
Prospective pension payments for future retirements		
Attributable to service prior to July 1, 1999	117,152,251	
Attributable to service after June 30, 1999	<u>48,236,347</u>	
Total benefit values		165,388,598
Prospective refunds of member contributions		623,169
Reserve for ad hoc pension increases		<u>40,481,995</u>
Total Actuarial Present Values (Liability)		<u>\$316,075,585</u>

## **SUMMARY OF PLAN PROVISIONS**

See Note 1 in the Notes to Financial Statements.

## **SUMMARY OF VALUATION METHODS**

The **actuarial cost method** used for the valuation was the individual entry age normal cost method.

**Normal cost contributions** were computed as follows:

The series of contributions, payable from date of employment, sufficient to accumulate at time of retirement the discounted value of each member's projected pension and potential survivors pension was computed, using the assumptions summarized on the following pages, so that each contribution in the series is a constant percentage of the member's year by year projected compensation (entry age normal cost).

**Actuarial accrued liability** was computed and financed as follows:

- (1) Retirants and beneficiaries. The discounted value of pensions likely to be paid retired members and their potential survivors was computed using the investment return and mortality assumptions. The computed amount was fully funded by applicable accrued assets.
- (2) Active members and former members. The actuarial accrued liability associated with service rendered prior to the valuation date was computed using the investment return, mortality and other factors outlined on the following pages. Applicable accrued assets exceeded the computed actuarial accrued liability. The difference, including actuarial gains (losses), was amortized as a level percent of payroll over an open period of 20 years and applied as a credit to the computed employer normal cost.

## **SUMMARY OF VALUATION ASSUMPTIONS**

**The rate of investment return** used was 9.0 percent a year, compounded annually. The assumption consists of 3.5% for assuming maturity and principal risks and 5.5% in recognition of inflation. These components, adopted by the Fund Manager, as recommended by the Plan's actuary, were first used for the June 30, 1989 annual valuation.

This assumption is used to discount the value of future payments.

**The rates of salary increase** used are in accordance with the following table. The assumption is used to project current salaries to those upon which pension amounts will be based. These components, adopted by the Fund Manager, as recommended by the Plan's actuary, were first used for the June 30, 1989 annual valuation.

Sample Ages	Percent Increase in Salary During Following Year		
	Inflation	Promotion and Longevity	Other
20	5.50%	1.5%	7.00%
25	5.50	1.5	7.00
30	5.50	1.5	7.00
35	5.50	1.5	7.00
40	5.50	1.5	7.00
45	5.50	1.5	7.00
50	5.50	1.5	7.00
55	5.50	1.5	7.00
60	5.50	1.5	7.00
65	5.50	1.5	7.00

**SUMMARY OF VALUATION ASSUMPTIONS (continued)**

**The mortality table** used was the 1971 Group Annuity Mortality Table Projected to 2000 (Male), female ages set back 6 years.

Sample Ages	Single Life Retirement Values					
	Deaths per 1,000		Present Value of \$100 Monthly for Life		Future Life Expectancy (years)	
	Men	Women	Men	Women	Men	Women
20	0.4	0.3			56.86	62.72
25	0.5	0.4			51.98	57.83
30	0.7	0.5			47.12	52.95
35	0.9	0.6			42.29	48.09
40	1.4	0.9	\$12,930	\$13,272	37.51	43.25
45	2.4	1.2	12,522	12,997	32.80	38.46
50	4.4	2.1	11,997	12,613	28.28	33.73
55	7.1	3.9	11,342	12,112	23.98	29.17
60	10.9	6.5	10,513	11,485	19.90	24.82
65	17.7	9.9	9,490	10,694	16.09	20.70
70	30.7	15.9	8,326	9,710	12.69	16.82
75	48.4	27.4	7,124	8,564	9.82	13.32
80	78.7	44.6	5,880	7,371	7.39	10.36
85	120.6	71.4	4,791	6,120	5.57	7.83
90	171.3	111.7	3,864	4,994	4.19	5.89

This assumption, adopted by the Fund Manager, as recommended by the Plan's actuary, is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement and was first used for the June 30, 1999 annual valuation.

## **SUMMARY OF VALUATION ASSUMPTIONS (continued)**

**The rates of retirement** used to measure the probability of eligible members retiring during the next year were as follows:

<u>Age</u>	<u>Percent of Active Members Retiring During Next Year</u>
40-49	8%
50-54	8
55-59	5
60	15
61	10
62	25
63	15
64	10
65	20
66	20
67	20
68	20
69	20
70	100

Active members are eligible to retire early at any age with 5 years of service, or normally at any age with 20 years of service, at 60 with 25 years of service, at age 62 with 10 years of service, or age 65 with 5 years of service. The probability of retiring during each future year is 20% for those members who become eligible for normal retirement via the any age with 20 years of service eligibility condition. Pensions were assumed to be decreased 3/12 of 1% for each month age at early retirement precedes normal retirement age, with a maximum reduction of 30%.

These rates, adopted by the Fund Manager, as recommended by the Plan's actuary, were first used for the June 30, 1999 annual valuations.

**SUMMARY OF VALUATION ASSUMPTIONS (continued)**

***The rates of separation for active membership*** were as follows:

Rates do not apply to members eligible to retire and do not include separation on account of death. This assumption measures the probabilities of members remaining in employment. These rates, adopted by the Fund Manager, as recommended by the Plan's actuary, were first used for the June 30, 1999 annual valuation.

Sample Ages	Years of Service	Percent of Active Members Separating within Next Year	Percent of Active Members Becoming Disabled within Next Year (all years of service)
ALL	0	8.0%	
	1	8.0	
	2	8.0	
	3	8.0	
	4	8.0	
25	5 & Over	6.0	0.04%
30		6.0	0.04
35		6.0	0.04
40		6.0	0.10
45		6.0	0.13
50		6.0	0.25
55		6.0	0.45
60		6.0	0.71

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SOLVENCY TEST**

SOLVENCY TEST—Testing the financial solvency of a retirement plan can be done in several ways. The funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the plan are level in concept and soundly executed, and if the plan continues its present operations pattern for the indefinite future, the plan will pay all promised benefits when due--- the ultimate test of financial soundness.

A short term solvency test is one means of checking a plan's progress under its funding program. In a short term solvency test, the plan's present assets (cash and investments) are compared with:

1. Active member contributions on deposit;
2. The liabilities for future benefits to present retired lives;
3. The liabilities for service already rendered by active members.

In a plan that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Generally, if the plan has been using level cost financing, the funded portion of liability 3 will increase over time. Liability 3 being fully funded is very rare. All amounts presented are in thousands.

Aggregate Accrued Liabilities For					Portion Of Accrued Liabilities Covered by Net Assets Available for Benefits		
Valuation Date	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)	Valuation Assets Available for Benefits (2)	(1)	(2)	(3)
6-30-85	\$ 5,583	\$ 16,396	\$ 26,990	\$ 49,900	100%	100%	100.0%
6-30-86	\$ 6,268	\$ 19,653	\$ 27,506	\$ 58,757	100%	100%	100.0%
6-30-87	\$ 6,866	\$ 23,660	\$ 36,116	\$ 65,856	100%	100%	83.8%
6-30-88	\$ 8,258	\$ 25,046	\$ 44,604	\$ 73,993	100%	100%	91.2%
6-30-89	\$ 9,120	\$ 34,565	\$ 47,266	\$ 84,316	100%	100%	86.0%
6-30-90	\$ 10,772	\$ 38,246	\$ 51,415	\$ 92,748	100%	100%	85.1%
6-30-91	\$ 11,876	\$ 44,222	\$ 53,552	\$ 103,570	100%	100%	88.6%
6-30-92	\$ 13,232	\$ 47,775	\$ 54,091	\$ 115,869	100%	100%	100.0%
6-30-93	\$ 13,308	\$ 61,992	\$ 52,178	\$ 127,984	100%	100%	100.0%
6-30-94	\$ 14,978	\$ 63,403	\$ 59,941	\$ 140,145	100%	100%	100.0%
6-30-95	\$ 15,731	\$ 73,797	\$ 59,838	\$ 159,111	100%	100%	100.0%
6-30-96	\$ 16,931	\$ 78,507	\$ 62,688	\$ 181,754	100%	100%	100.0%
6-30-97	\$ 17,979	\$ 86,361	\$ 65,253	\$ 214,035	100%	100%	100.0%
6-30-98	\$ 20,703	\$ 91,187	\$ 87,772	\$ 241,885	100%	100%	100.0%
6-30-99	\$ 21,506	\$ 109,582	\$ 96,013	\$ 283,337	100%	100%	100.0%

See notes on page 21.

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUMMARY OF ACTIVE MEMBER DATA**

As of June 30, 1999, there were 709 active members in the Plan, broken down by attained age and years of service as follows:

**SUMMARY OF ACTIVE MEMBERS**

Attained Age	YEARS OF SERVICE TO VALUATION DATE							T O T A L S	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 Plus	No.	Valuation Payroll
20 - 29	4							4	\$ 52,800
30 - 34	12	2						14	405,600
35 - 39	24	8	1					33	1,380,726
40 - 44	58	25	4	4				91	5,318,388
45 - 49	69	32	16	2				119	8,248,690
50 - 54	55	47	34	12	8	3		159	10,996,045
55 - 59	40	36	16	16	10	1		119	8,038,493
60 - 69	36	40	27	22	11	3	2	141	7,749,654
70 & Over	8	7	6	2	4	1	1	29	896,182
Totals	306	197	104	58	33	8	3	709	\$43,086,578

Listed below is a Comparative Schedule of the changes in active members since 6-30-82:

**ACTIVE MEMBERS INCLUDED IN VALUATION  
HISTORIC COMPARISON**

Valuation Date	Active Members	Valuation Payroll	Averages*		
			Age (years)	Service (years)	Pay
6-30-82	379	\$ 7,443,609	51.4	7.8	\$19,797
6-30-83	372	8,087,317	51.0	6.6	21,740
6-30-84	372	8,112,721	52.0	7.2	21,808
6-30-85**	525	17,691,284	51.0	7.5	33,698
6-30-86	517	17,841,908	51.3	7.9	34,510
6-30-87	526	20,409,034	51.2	7.7	38,800
6-30-88***	583	21,444,316	52.1	7.6	36,783
6-30-89	596	24,604,684	52.5	7.6	41,283
6-30-90	624	25,775,539	52.0	8.0	41,307
6-30-91	671	27,837,828	51.6	7.6	41,487
6-30-92	658	27,777,496	52.2	8.1	42,215
6-30-93	713	29,708,430	51.38	7.2	41,667
6-30-94	710	29,633,460	52.2	7.8	41,737
6-30-95	725	30,323,760	51.7	7.5	41,826
6-30-96	684	29,967,247	52.7	7.8	43,812
6-30-97	726	33,895,676	51.8	7.5	46,688
6-30-98	713	40,440,812	52.4	7.9	56,719
6-30-99	709	\$43,086,578	52.6	7.7	\$60,771

\* Group averages are not used in the actuarial computations but are computed and shown because of their general interest.

\*\* Reflects the 1985 amendment consolidating the Judges' Retirement System and the Elected Officials' Retirement Plan.

\*\*\* Includes participating municipalities pursuant to a 1987 amendment beginning with the June 30, 1988, valuation.

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIRMENT PLAN  
SUMMARY OF INACTIVE MEMBER DATA**

**INACTIVE MEMBERS**

As of June 30, 1999, there were 182 inactive members in the Plan who had not withdrawn their accumulated contributions. It is assumed that these inactive members are waiting to meet the age requirements for service retirement. They are broken down by attained age and years of service as follows:

**SUMMARY OF INACTIVE MEMBERS**

Attained Age	Years of Service to Valuation Date					Totals
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 30	
25 - 29	3					3
30 - 39	5	2				7
40 - 44	7	3	3			13
45 - 49	13	17	5	2	1	38
50 - 54	10	23	12	2		47
55 - 59	9	19	6	3	2	39
60 - 69	8	17	7			32
70 Plus	1		1	1		3
Totals	56	81	34	8	3	182

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIRMENT PLAN  
SCHEDULE OF RETIRANTS AND BENEFICIARIES**

Valuation Date	Number Removed From roles	Number added to roles	Total	Annual Pensions	Percent Increase	Average Pension
6-30-92	17	27	375	\$ 5,980,662	8.1%	\$ 15,948
6-30-93	19	65	421	\$ 7,541,157	26.1%	\$ 17,912
6-30-94	19	31	433	\$ 7,936,942	5.2%	\$ 18,330
6-30-95	19	52	466	\$ 9,005,617	13.5%	\$ 19,325
6-30-96	23	29	472	\$ 9,567,636	6.2%	\$ 20,270
6-30-97	22	46	496	\$ 10,442,249	9.1%	\$ 21,053
6-30-98	20	37	513	\$ 11,143,500	6.7%	\$ 21,722
6-30-99	20	54	547	\$ 13,122,722	17.8%	\$ 23,990



**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SCHEDULE OF EXPERIENCE GAIN/(LOSS)  
YEAR ENDED JUNE 30,1999**

**DERIVATION**

(1) UAAL* at start of year	\$ (42,222,205)
(2) Normal cost for year	9,406,533
(3) Funding Method Contribution	6,963,908
(4) Interest accrued on (1), (2) and (3)	(3,692,448)
(5) Expected UAAL before changes [(1)+(2)-(3)+(4)]	(43,472,028)
(6) Effect of assumption changes	(424,414)
(7) Effect of cost method changes	0
(8) Effect of benefit changes – COLA	3,623,737
– Others	10,744,522
(9) Expected UAAL after changes	(29,528,183)
(10) Actual UAAL	(56,236,792)
(11) Gain/(Loss) (9)-(10)	\$ 26,708,609
(12) As % of AAL** at beginning of year	13.4%

\* *Unfunded actuarial accrued liability*

\*\* *Actuarial accrued liability*

Actual experience of the Retirement Plan during the year ended June 30, 1999 was more favorable than expected based upon long-term assumptions generating an experience gain of \$26,708,609. The primary sources of the gain were greater than assumed investment return, fewer than assumed retirements and more active member terminations than assumed. The increase in the funded ratio and the decrease in the computed contribution rate reflect the combined experience.

# STATISTICAL SECTION

ELECTED OFFICIALS' RETIREMENT PLAN  
EIGHTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1999

Schedule of Revenues by Source and Expenses by Type

Schedule of Benefit Expenses by Type

Summary of Retired Member and Survivor Data

Summary of Benefit Increases

Participating Employers

Summary of Growth of the System



**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE**

**REVENUES**

Fiscal Year	Member* Contributions	Employer Contributions	Percent of Annual Covered Payroll	Investment Income**	Total
1990	\$2,030,483 16%	\$3,048,190 23%	15.94%	\$7,980,677 61%	\$13,059,350 100%
1991	\$1,966,157 12%	\$4,141,666 24%	16.83%	\$10,845,435 64%	\$16,953,258 100%
1992	\$2,098,087 11%	\$4,830,326 25%	16.55%	\$12,081,541 64%	\$19,009,954 100%
1993	\$2,237,986 11%	\$4,941,470 26%	15.62%	\$12,082,441 63%	\$19,261,897 100%
1994	\$2,184,269 12%	\$5,555,890 30%	16.01%	\$10,926,793 58%	\$18,666,952 100%
1995	\$2,237,578 13%	\$5,224,545 31%	15.76%	\$9,446,871 56%	\$16,908,994 100%
1996	\$2,358,224 6%	\$4,886,479 13%	14.76%	\$31,751,306 81%	\$38,996,009 100%
1997	\$2,579,869 4%	\$4,934,939 9%	12.64%	\$51,087,873 87%	\$58,602,681 100%
1998	\$3,294,906 5%	\$3,668,144 6%	8.90%	\$54,397,916 89%	\$61,360,966 100%
1999	\$2,970,123 5%	\$3,941,018 6%	10.22%	\$53,446,930 89%	\$60,358,071 100%

**EXPENSES**

Fiscal Year	Benefits	Admin & Invest Expenses	Refunds	Total
1990	\$4,577,413 97%	\$63,495 1%	\$69,975 2%	\$4,710,883 100%
1991	\$5,197,212 96%	\$69,009 1%	\$134,840 3%	\$5,401,061 100%
1992	\$5,937,268 97%	\$61,108 1%	\$117,753 2%	\$6,116,129 100%
1993	\$6,986,604 94%	\$66,053 1%	\$346,352 5%	\$7,399,009 100%
1994	\$7,877,312 98%	\$65,965 1%	\$62,396 1%	\$8,005,673 100%
1995	\$8,718,621 97%	\$73,903 1%	\$197,465 2%	\$8,989,989 100%
1996	\$9,448,702 98%	\$74,695 1%	\$105,309 1%	\$9,628,706 100%
1997	\$10,177,471 97%	\$72,912 1%	\$193,296 2%	\$10,443,679 100%
1998	\$10,963,879 99%	\$79,523 1%	\$30,960 0%	\$11,074,362 100%
1999	\$11,991,654 98%	\$82,429 1%	\$168,690 1%	\$12,242,773 100%

**NOTE:** \*The member contribution rate is 7% of covered payroll.

\*\*Prior to fiscal year 1996, Investment Income included only realized gains and losses. See Note 2.

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SCHEDULE OF BENEFIT EXPENSES BY TYPE**

<u>Fiscal Year</u>	<u>Normal Benefits</u>	<u>Disability Benefits</u>	<u>Survivor Benefits</u>	<u>Insurance Benefits</u>	<u>Totals</u>
1987	\$2,176,893 78%	\$199,226 7%	\$404,621 15%	-	\$2,780,740 100%
1988	\$2,409,666 79%	\$227,055 7%	\$436,170 14%	-	\$3,072,891 100%
1989	\$2,958,726 80%	\$253,715 7%	\$482,157 13%	-	\$3,694,598 100%
1990	\$3,727,158 81%	\$282,133 6%	\$557,753 12%	\$10,369 1%	\$4,577,413 100%
1991	\$4,148,012 80%	\$350,850 7%	\$607,950 11%	\$90,400 2%	\$5,197,212 100%
1992	\$4,825,146 81%	\$318,524 6%	\$668,752 11%	\$124,846 2%	\$5,937,268 100%
1993	\$5,756,503 82%	\$326,01 85%	\$762,516 11%	\$141,567 2%	\$6,986,604 100%
1994	\$6,399,006 81%	\$443,818 6%	\$878,193 11%	\$156,295 2%	\$7,877,312 100%
1995	\$6,947,365 80%	\$523,623 6%	\$1,081,329 12%	\$166,304 2%	\$8,718,621 100%
1996	\$7,526,049 80%	\$597,617 6%	\$1,154,800 12%	\$170,236 2%	\$9,448,702 100%
1997	\$8,074,010 80%	\$546,535 5%	\$1,350,387 13%	\$206,539 2%	\$10,177,471 100%
1998	\$8,593,838 78%	\$625,855 6%	\$1,516,198 14%	\$227,988 2%	\$10,963,879 100%
1999	\$9,265,167 77%	\$698,545 6%	\$1,786,989 15%	\$240,953 2%	\$11,991,654 100%

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUMMARY OF RETIRED MEMBER AND SURVIVOR DATA**

**SUMMARIES OF RETIRED MEMBERS AND SURVIVORS – JUNE 30, 1999**

Valuation Date	Retired Members	Survivors	Total	Annual Pensions	No. Added / Removed from Rolls	
					Added	Removed
6-30-82	150	9	159	\$ 844,914		
6-30-83	168	13	181	1,011,021		
6-30-84	175	14	189	1,120,441		
6-30-85	200	47	247	2,142,900		
6-30-86	211	51	262	2,564,083		
6-30-87	231	50	281	3,056,235		
6-30-88	239	52	291	3,238,986		
6-30-89	276	56	332	4,236,583	55	14
6-30-90	282	61	343	4,830,529	22	11
6-30-91	303	62	365	5,532,233	40	18
6-30-92	309	66	375	5,980,662	27	17
6-30-93	352	69	421	7,541,157	65	19
6-30-94	358	75	433	7,936,942	31	19
6-30-95	384	82	466	9,005,617	52	19
6-30-96	383	89	472	9,567,636	29	23
6-30-97	395	101	496	10,442,248	46	22
6-30-98	404	109	513	11,143,500	37	20
6-30-99	424	123	547	\$13,122,722	54	20

Set forth below is a summary of pensions being paid to retired members and survivors:

**SUMMARIES OF RETIRED MEMBERS AND SURVIVORS - JUNE 30, 1999**

Pensions Being Paid		Number	Annual Pensions	Average Pensions
Retired Members	- Service Pensions	408	\$10,185,228	\$24,964
	- Disability Pensions	16	693,476	43,342
	TOTALS	424	\$10,878,704	\$25,657
Survivors of Members	- Spouses	122	\$2,221,625	\$18,210
	- Children with Guardians	1	22,393	22,393
	TOTALS	123	\$2,244,018	\$18,244
TOTAL PENSIONS BEING PAID		547	\$13,122,722	\$23,990

	Average Age (yrs)	Average Service (yrs)	Average Age at Retirement (yrs)
Normal retired members:	71.2	14.7	62.8
Disability retired members:	64.7	11.3	58.4
Spouse beneficiaries:	72.9	12.2	60.1

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUMMARY OF BENEFIT INCREASES**

State law provided for an annual benefit increase for retirees or their survivors who were over age sixty-five on the effective day of the increase and for disability retirees regardless of age. These increases were dependent upon the production of excess earnings on part of the assets of the plan and were limited to four percent of the average benefit being paid to retirees and their survivors. This program expired after the July 1, 1994, increase. The following schedule summarizes the statutorily-designed process of calculating the monthly benefit increases effective each July 1st and the increases granted:

**BENEFIT INCREASE SCHEDULE**

<u>Fiscal Year Ended</u>	<u>Excess Yield per Statute*</u>	<u>Excess Earnings Assets***</u>	<u>Excess Earnings</u>	<u>Monthly Benefit Increase Fundable</u>	<u>Maximum per Statutory 4% Cap</u>	<u>Lesser of Two - Increase Awarded</u>
6-30-89	3.62%	\$34,564,836	\$ 1,251,247			
		Investment earnings on balance	118,118			
	Amount utilized:	7-1-90 increase	(888,720)	5.0%	4.0%	4.0%
6-30-90	0.44%	\$38,245,692	<u>168,281</u>			
	Amount available:	7-1-91 increase	648,926	4.0%	4.0%	4.0%
		Investment earnings on balance	75,275			
	Amount utilized:	7-1-91 increase	(1,143,432)			
6-30-91	2.60%	\$44,222,354	<u>1,149,781</u>			
	Amount available:	7-1-92 increase	730,550	2.0%	4.0%	2.0%
		Investment earnings on balance	83,502			
	Amount utilized:	7-1-92 increase	(610,536)			
6-30-92	2.43%	\$47,775,043	<u>1,160,934</u>			
	Amount available:	7-1-93 increase	1,364,450	3.5%	4.0%	3.5%
		Investment earnings on balance	140,675			
	Amount utilized:	7-1-93 increase	(1,167,612)			
6-30-93	1.31%	\$60,856,776	<u>797,224</u>			
	Amount available:	7-1-94 increase	1,134,737	2.0%	4.0%	2.0%
		Investment earnings on balance	95,999			
	Amount utilized:	7-1-94 increase	(868,428)			

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUMMARY OF BENEFIT INCREASES**

During the 1996 legislative session, House Bill 2483 was passed and approved by the Governor on April 17, 1996. This bill reinstated this program but with two new limits. The first limit is a 3% maximum. The second limit is 1/2 of the percentage change in the all items component of the Consumer Price Index for all urban consumers as published by the United States Department of Labor, Bureau of Labor Statistics, for the calendar year preceding the year for which the increase is being computed. This bill also lowered the age requirement to 55. There were no excess earnings in fiscal year 1994/1995 so the first increase was based on excess earnings for fiscal year 1995/1996 and was effective in July of 1997. Below is a schedule showing the calculation process.

**BENEFIT INCREASE SCHEDULE**

<u>Fiscal Year Ended</u>	<u>Excess Yield per Statute<sup>1</sup></u>	<u>Excess Earnings Assets<sup>2</sup></u>	<u>Excess Earnings</u>	<u>Monthly Benefit Increase Fundable</u>	<u>Maximum per Statutory 4% Cap<sup>3</sup></u>	<u>Lesser of Two - Increase Awarded</u>
6-30-96	1.75%	\$77,021,628	<u>\$1,347,878</u>			
	Amount available:	7-1-97 increase	\$1,347,878	1.5%	1.65%	1.5%
6-30-97	3.97%	\$84,334,344	3,348,073			
	Investment earnings on balance		174,820			
	Amount utilized:	7-1-97 increase	<u>(1,040,868)</u>			
	Amount available:	7-1-98 increase	3,829,903	4.5%	1.15%	1.15%
6-30-98	12.23%	\$88,885,855	10,870,740			
	Investment earnings on balance		813,088			
	Amount utilized:	7-1-98 increase	( 888,283)			
	Amount Transferred by HB 2496		<u>15,136,519</u>			
	Amount available:	7-1-99 increase	29,761,967	34.5%	4%	4%
6-30-99	8.52%	\$107,153,382	\$9,129,468			
	Investment earnings on balance		5,214,297			
	Amount utilized:	7-1-99 increase	<u>(3,623,737)</u>			
6-30-00	Amount available:	7-1-00 increase	40,481,995	38.5%	4%	4%

1. Net effective yield less actuarial yield per statute of 9%. Beginning 6/30/98, total return less actuarial yield per statute of 9%.
2. Amount equal to retired reserves.
3. Prior to 7/1/99, maximum was the lower of 3% or 1/2 of CPI.



**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
PARTICIPATING EMPLOYERS**

STATE OF ARIZONA  
APACHE COUNTY  
COCHISE COUNTY  
COCONINO COUNTY  
GILA COUNTY  
GRAHAM COUNTY  
GREENLEE COUNTY  
LA PAZ COUNTY  
MARICOPA COUNTY  
MOHAVE COUNTY  
NAVAJO COUNTY  
PIMA COUNTY  
PINAL COUNTY  
SANTA CRUZ COUNTY  
YAVAPAI COUNTY  
YUMA COUNTY

CITY OF APACHE JUNCTION  
CITY OF AVONDALE  
CITY OF CHANDLER  
CITY OF FLAGSTAFF  
CITY OF GLENDALE  
CITY OF GLOBE  
CITY OF MESA  
CITY OF PEORIA  
CITY OF PHOENIX  
CITY OF SCOTTSDALE  
CITY OF SOUTH TUCSON  
CITY OF TEMPE  
CITY OF TOLLESON  
CITY OF TUCSON  
CITY OF YUMA  
TOWN OF THATCHER

**STATE OF ARIZONA  
ELECTED OFFICIALS' RETIREMENT PLAN  
SUMMARY OF GROWTH OF THE SYSTEM**

**FUND ASSETS, EARNINGS AND INVESTMENT YIELD**

Listed below is a table setting forth the growth of the Plan in some of the major areas since it was started July 1, 1981.

<u>Fiscal Year</u>	<u>Total Assets at Cost</u>	<u>Realized Earnings from Investments</u>	<u>Assumed Actuarial Yield</u>	<u>Net Effective Yield</u>
Assets Transferred	\$ 10,990,215	\$ 838,550	7.50%	8.20%
1981-1982	13,161,720	1,588,590	8.50	13.96
1982-1983	15,349,948	1,749,184	8.50	13.09
1983-1984	17,694,262	2,049,062	9.00	13.23
1984-1985 <sup>1</sup>	49,900,086*	5,987,944*	9.00	14.02
1985-1986	58,757,374	7,724,090	9.00	15.32
1986-1987 <sup>2</sup>	65,818,230	6,419,259	9.00	10.87
1987-1988 <sup>3</sup>	73,993,374	7,031,174	9.00	10.60
1988-1989 <sup>4</sup>	84,315,654	9,391,304	9.00	12.62
1989-1990 <sup>5</sup>	92,748,274	7,980,677	9.00	9.44
1990-1991 <sup>6</sup>	104,300,471	10,845,435	9.00	11.60
1991-1992 <sup>7</sup>	117,233,179	12,081,541	9.00	11.54
1992-1993	129,118,529	12,082,441	9.00	10.31
1993-1994	140,145,022	10,926,793	9.00	8.46
1994-1995	148,159,074	9,446,871	9.00	6.77
1995-1996	161,523,416	15,800,154	9.00	10.75
1996-1997	179,812,810	20,807,444	9.00	12.97
1997-1998	209,247,828	32,818,266	9.00	18.41
1998-1999	\$ 258,049,796	\$ 54,086,027	9.00%	26.15%

\* In August of 1985, the Arizona Judges' Retirement Plan was merged with this Plan.

1. Reflects the 1985 amendment consolidating the Judges' Retirement System and the Elected Officials' Retirement Plan.
2. Reflects the 1987 amendment which increased the formula factor to 4% from 3-1/3%.
3. Reflects the 1988 amendment which bases the reduction for early retirement on the normal retirement age rather than age 65 and provided a 3% cost-of-living increase for retired members and survivors.
4. Reflects changes in the estimates of future experience (actuarial assumptions) and the 1989 amendment which provided a 3% increase in the pensions of retired members and survivors.
5. Includes the 1990 amendment which provides a subsidy for post-retirement health insurance, and a 3% increase in pensions with effective dates between September 15, 1989, and September 15, 1990.
6. Includes the 1991 amendment which provides a 3% increase in pensions with effective dates between September 15, 1990, and September 15, 1991, and the 1991 amendment increasing benefits for future duty-related deaths.
7. Includes the 1992 amendment which provides a 3% increase in pensions with effective dates between September 15, 1991, and October 31, 1992.